Austria .... Sch 18	Indonesia .. Rp 2500	Portugal .... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1300	S. Arabia .. Rls 6.00
Belgium .... Fr 38	Japan ...... Y 160	Singapore .. S$ 4.10
Canada .... C$1.00	Jordan .... Fils 500	Spain ...... Pta 100
Cyprus .... C£0.60	Kuwait .... Fils 500	Sri Lanka .. Rup 30
Denmark .. Dkr 7.25	Lebanon .... Pt 6.00	Sweden .... Skr 6.50
Egypt .... E£1.00	Luxembourg .. LFr 38	Switzerland .. SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rgt 4.25	Taiwan ...... NT$35
France .... Fr 8.00	Mexico .... Pes 300	Tunisia .. Din 0.600
Germany .. DM 2.20	Morocco .... Dh 6.00	Turkey ...... L 180
Greece ...... Dr 60	Netherlands .. Fl 2.50	U.A.E. .... Dh 6.50
Hong Kong .. HK$ 12	Norway .. Nkr 6.00	U.S.A. $1.50
India .... Rup 15	Philippines .. Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,512 — Monday December 31 1984 — D 8523 B

Mischievous card Moscow holds in arms talks, Page 6

NEWS SUMMARY

GENERAL

Bolivian army chief resigns

The battered authority of civilian government in Bolivia received a much needed boost when President Hernán Siles Zuazo forced the army to accept his nominee as their new commander.

General Jose Olvis Arias, sacked as army commander after charges that he had been plotting the latest in Bolivia's long series of military coups, ended his rebellion against dismissal and left the military headquarters in La Paz where he had proclaimed himself still in charge of the army.

President Siles appointed in his place General Raúl López Leyton. Page 8

Düsseldorf bomb

A bomb damaged a U.S. military intelligence building in Düsseldorf, the second successful attack in two days on American installations in West Germany.

Kabul attack

Afghan guerrillas eluded tight security to bombard Kabul with rockets on at least five nights to mark the fifth anniversary of the Soviet military intervention in Afghanistan.

Angolan sentences

An Angolan military court has condemned four alleged anti-government rebels to death by firing squad and handed out long prison sentences to six others for crimes against "the security of the state."

Thin welcome

West Germany's welcome may be wearing thin for the growing number of Poles who jump ship in West German ports and remain in the country. Page 2

Italy's turn

Italy takes over the EEC's rotating presidency tomorrow for a six-month term likely to be overshadowed by a struggle for power with the European Parliament and controversial reform of the group's decision-making machinery.

Bhopal legal move

The Indian state government of Madhya Pradesh will file legal suits in India and the U.S. against Union Carbide over the gas leak which killed more than 2,500 people and injured about 25,000. Page 2

S. Africa 'threat'

South Africa may stop supplying the West with intelligence from the vital Cape oil route unless it gets aircraft needed for intelligence gathering, according to South Africa's Sunday Express.

UK honours

Mr Len Murray, former general secretary of Britain's Trade Union Congress and Mr Frank Chapple, who recently retired as leader of the electricians' union, are among the leading names in the list of honours traditionally given at this time of year. Page 3

Teresa's verdict

Nobel laureate Mother Teresa, on a visit to drought-stricken Ethiopia, said the country's famine was God's way of teaching the world the lesson of charity.

Budd triumphs

Zola Budd successfully completed the first stage of her comeback to international athletics when she comfortably won the women's 8 km Zurich road race.

Financial Times

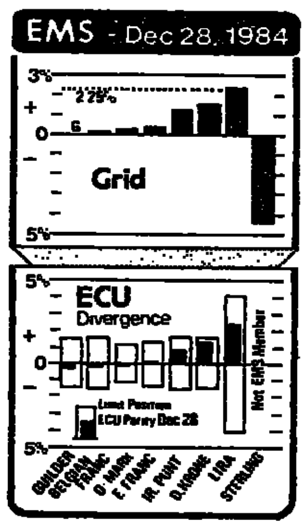
The Financial Times will not be published tomorrow, New Year's Day. We wish all readers a Happy New Year.

BUSINESS

Japan approves austere budget

THE JAPANESE Cabinet approved an austere budget for the 1985 financial year beginning April 1, but while many ministries face cash cuts the defence budget is to be boosted by 6.9 per cent. Page 2

EMS currencies were mostly unmoved last week with only two full trading days in most centres. The Belgian franc remained above the weakest placed currency the Dutch guilder, having shown an improvement over the year in Ecu terms of



3.1 per cent. The Dutch guilder was firmer by only 0.7 per cent. Compared with a year ago the French franc has risen 1 per cent and the D-mark 1.2 per cent. All currencies have, however, suffered significantly against the dollar, and none more so than sterling which has also shown a 6 per cent decline over the year in Ecu terms. The dollar's current strength has succeeded in restraining the traditionally stronger members of the EMS such as the D-mark and provided this trend continues, weaker currencies such as the Belgian franc should face little downward pressure.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

SOVIET UNION had a $2bn surplus in visible trade with the West in the first nine months of 1984 compared with a deficit of $365m for the corresponding 1983 period.

BRAZILIAN inflation reached a record 223.8 per cent in 1984. December's rate was 10.5 per cent. Page 2

EEC GRAIN mountain will grow sharply because of good harvests and stagnant consumption in the 1984-85 season, a report said. Page 3

SUEZ CANAL tolls rise tomorrow by 3.5-3.7 per cent, expected to add $31.5m to Egypt's revenues. Page 2

FIAT, leading Italian motor group, said it was having talks with Ford of the U.S., but did not say what the subject was. Page 10

BARCLAYS BANK, Britain's biggest, tomorrow merges its foreign and domestic arms into a single group. Page 8

RAUMA-REPOLA, Finland's second biggest private industrial group, plans to raise FM 186m ($28.6m) through a rights issue. Page 10

BRITISH insurance companies and pension funds invested a net £1.47bn ($1.7bn) in UK company securities in the third quarter, the highest figure since exchange controls were abolished.

Companies calculate consequences of the high-rise dollar

William Dawkins reviews the impact of sharp exchange rate fluctuations on end-of-year accounts.

CALCULATORS will be clicking busily in offices throughout the world this week as company finance directors translate their year-end dollar accounts at exchange rates which would have seemed outrageous 12 months ago.

The dollar's rise, up almost 12 per cent to 144.5 on its trade weighted index for the year, has confounded most forecasters, and sterling's decline against the U.S. currency has been even more dramatic. The pound hit a record low of $1.16 towards the end of last week. It was worth 20 per cent less than at the end of 1983, its steepest annual fall against the dollar for three years.

Clearly U.S.-based companies exporting to countries with weakening currencies will have seen their profits shrink after being translated back into dollars. One victim of that predicament is likely to be Coca-Cola Company, the U.S. soft drinks group, which makes nearly 60 per cent of its sales overseas.

The New York securities firm Goldman Sachs estimates that Coca-Cola's earnings per share – $4.10 in 1983 – are diminished by 1.8 cents for every 1 cent gain in the dollar's value against the average value of the non-Latin American overseas currencies in which the group does business.

The dollar appreciated by just over 14 per cent in 1984 against Coca-Cola's basket of overseas currencies, which indicates, according to Goldman Sachs, that there will be a 25 cent per share currency translation loss in this year's earnings.

Other U.S. companies likely to notch up translation losses for 1984 include multinationals such as IBM and Kodak. They should also have experienced a squeeze on prices as weak currency producers take full advantage of the dollar's strength to undercut their U.S. rivals.

ICI, the British chemicals group which sells 65.5 per cent of its turnover abroad, has achieved a price advantage in U.S. markets this year as well as at home. Mr Archie Donaldson, deputy treasurer, said: "Our ability to trade in the UK is obviously helped if the pound is unattractively low to foreign producers."

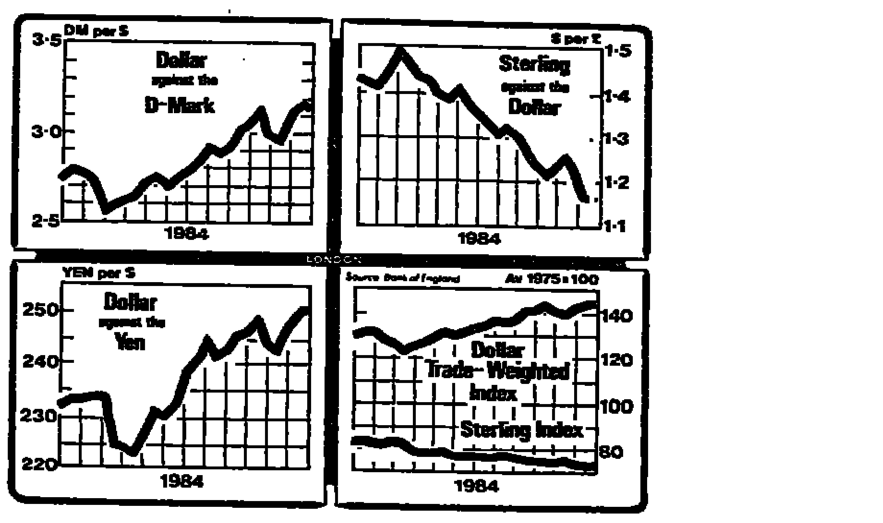
The group can also expect currency gains, although these will be to some extent diminished by the translation losses it will have to provide for its dollar borrowings. Mr Donaldson said: "I am philosophically against arguing that you are benefiting from the dollar's strength. All it means is that you are measuring your profits in a weaker currency" – a point which will no doubt be appreciated by ICI's U.S. shareholders.

One classic beneficiary of sterling's weakness is BTR, the UK industrial holding company which earns more than 30 per cent of its taxable profits from the U.S.

Mr Norman Ireland, the group's finance director, is less surprised

Continued on Page 8

Currencies, Page 20



Opec fears disruption to price structure by North Sea producers

BY RICHARD JOHNS IN GENEVA

THE ORGANISATION of Petroleum Exporting Countries is afraid that a new pricing structure broadly agreed in Geneva at the weekend could be undermined by the expected decision of the UK and Norway to relate their North Sea rates to spot market prices.

With Nigeria and Algeria rejecting the compromise aimed at narrowing price differentials, departing Opec delegates expressed apprehension about the reluctance of North Sea producers to maintain current prices.

Most member states admitted that the revised system of oil price differentials supported by 11 Opec countries was inadequate but stressed that it was an interim measure and better than nothing.

Under the uneasy compromise 11 of the 13 members agreed to reduce by 75 cents the $4.50 spread between the top official selling price of the expensive light crudes and the increasingly popular heavy crudes.

The Opec benchmark price for Saudi Arabia Light is $29 a barrel, although some light crudes are quoted at $30.50.

The agreement means the price of Opec heavy crude oil in the range of 27 to 30 degrees api gravity is to be raised by 50 cents per barrel, medium of 30 to 34 api by 25 cents and lighter varieties of over 34 degrees api gravity lowered by 25 cents.

The traditional reference for Arabian Light remains unchanged at $29

The agreement was described by most leading delegates, including Dr Subroto, Indonesian Minister of Mines and Energy who is current president of Opec, as a "first step."

The re-arrangement is to be reviewed and possibly revised at another conference in Geneva at the end of January. Meanwhile, the accord was characterised as a lowest common denominator consensus.

At the end of this latest Opec negotiation the outlook for oil prices remains uncertain. As part of their agreements the 13 producers are committed to set up monitoring machinery which may exert some production discipline and bring total Opec output down within range of the official limit of 16m barrels per day (b/d).

The attempt to narrow price differentials between light and heavy crudes has resulted in a temporary compromise which is being rejected by Nigeria and Algeria and, perhaps, only lukewarmly supported by the United Arab Emirates, Qatar and Libya.

As they left delegates were preoccupied with the decision expected to be made by the British National Oil Corporation about pricing for North Sea crude in January. Yesterday, Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, said: "It is time for them to look at their level of production and protect their long-term interests, as well as their short-term interests."

If a price war were to develop, the relaxed Saudi chief delegate warned of "real chaos in the market," drastic revenue losses for the UK Treasury, and North Sea oil investments; and dire consequences for U.S. banks in respect of Mexico's debts. Sheikh Yamani said he had restrained some more militant members from pressing for such conflict.

Sheikh Yamani revealed that the intention was to use international auditors for the output control plan.

Sheikh Ali Khalifa al Sabah, Kuwait's Oil Minister, did not expect actual information about members' production and pricing in January to be known until the end of the following month.

Initial concentration would be on crude oil production and pricing, he explained. Later, the auditors would look at refined products and condensates – natural gas liquids mainly produced in conjunction with gas but not classed as crude oil and hitherto beyond the purview of Opec.

Sheikh Ali Khalifa's statement ran counter to a strong assertion by Mr Belkacem Nabi, Algerian Minister of Energy, that products and condensates were not affected by the agreement at all. He said Algeria opposed the differentials compromise accepted by 11 other members, essentially because the Saudi-sponsored proposal had become public knowledge for some time and would reduce Opec's credibility.

Sheikh Yamani suggested Algeria's opposition stemmed from Nigeria's errant behaviour in cutting prices by $1 to $2 per barrel – giving a $28 price for Bonny Light, compared with $30.50 for Sahara Blend – in response to North Sea reductions.

Sheikh Yamani and others in Opec believe Algeria is unlikely to be a destabilising problem because most of its exports are in the form of crude and it is strongly committed to price discipline.

Nigeria was going its own way, it was pointed out. At the same time Dr Tam David-West, Minister of Oil, made clear his country wished to re-aligned with Opec as soon as possible.

Editorial Comment, Page 6

World airlines return to profit

By Michael Donne, Aerospace Correspondent, in London

THE WORLD airline industry is expected to earn a net profit of about $800m on its international scheduled operations in 1984. A further profit of about $1.5bn is likely in 1985, and profits are also expected in 1986, assuming the economic recovery is sustained.

The 1984 result, although a little lower than expected, is a turnround of about $1.1bn from the deficit of $300m in 1983, and marks the first return to profits for the industry since 1978.

Mr Knut Hammarskjold, retiring director general of the International Air Transport Association (IATA), nevertheless stresses in an end of year message that "a substantially better performance" is required if IATA member-airlines are to fund their capital investments efficiently in the next decade.

"We estimate that they will have to spend between $150bn and $200bn over the next 10 years to replace equipment and cope with traffic growth," he adds.

"The key to success in the airline industry continues to be the ability to offer customers the lowest possible fares, and still make enough money to finance these big future investments.

"Both the economic and competitive climates today demand attractive products, rigorous cost control and tight commercial management."

For the immediate future, the airline industry faces a series of new and major tasks.

Continued on Page 8

BA share sale talks start, Page 8

Gandhi to name cabinet after election triumph

BY JOHN ELLIOTT IN NEW DELHI

MR RAJIV GANDHI, India's Prime Minister, is expected today to name the senior members of his cabinet following his election victory which has put into disarray virtually all of the country's opposition parties.

Mr Gandhi yesterday urged his countrymen to join him in showing the world "that India is second to none in progress and prosperity."

As the counting of votes drew to a close, it was clear that Mr Gandhi's Congress (I) party had swept away regional, religious and other political obstacles to win 396 out of the 503 seats so far declared. Altogether, 508 seats in India's lower house, the Lok Sabha, were up for election.

India's opposition parties are now in total disarray and their leaders shattered by their failure to present a credible alternative to the electorate. The country has never had a consistently effective opposition and the results mean that there will be little in the way of a political check on the Government in the national parliament.

Established opposition parties such as the Communists, and three splinter groups of the Janata which ruled India from 1977 to 1979, have been overtaken by the Telegu Desam, an Andhra Pradesh regional party, which has emerged as the Lok Sabha's biggest opposition group with 28 seats.

The Communist Party Marxist (CPM) has been reduced from 36 seats to 22. The Bharatiya Janata Party (BJP) has dropped from 16 seats to two, just as it expected to become a national force, and the DMKP, which was formed in October based on the former Lok Dal, dropped from 33 seats to three.

Mr Gandhi emerged with the highest individual majority of nearly 315,000 votes in his northern Indian constituency of Amethi. His hitherto charismatic main rival, Mrs Maneka Gandhi, who is his politically estranged sister-in-law, failed in a personal bid to unseat him and lost her deposit.

The ministers appointed by Mr Gandhi today are expected to be a mixture of established politicians and new figures, reflecting the fact that the Congress (I) parliamentary group is made up of more than 150 new faces.

Key appointments will be the finance and foreign ministers because relations with Pakistan and Sri Lanka, and the preparation of India's annual budget in February, will be among the first major policy issues to be tackled by the administration.

Mr Gandhi told reporters on Saturday that he would not be appointing people who had been defeated in the polls. This means that seven ministers from the last government will be dropped. They include two cabinet ministers – Mr P. Shiv Shanker, who was Energy Minister, and Mr Vijaya Bhaskar Reddy, Industry Minister.

Mr Gandhi's party did particularly well in India's four main cities – Delhi, Bombay, Calcutta and Madras, winning 18 out of 20 seats.

Great responsibility for Rajiv, Page 7

U.S. Senator to press Congress for sanctions against S. Africa

BY STEWART FLEMING IN WASHINGTON

A U.S. senator is planning to introduce into Congress new legislation to impose economic sanctions on South Africa in a move designed to put renewed pressure on the Reagan Administration to toughen its stand against apartheid.

Senator William Proxmire, a Democrat from Wisconsin, a man who is sometimes accused of playing too readily to the gallery of public opinion, said that the aim of the bill would be "to distance America from the racist South African regime."

He maintained that if the Senate is given the opportunity to vote on the legislation – and that will require that it is approved by a Republican-dominated Senate committee – "the Senate will pass this measure, there is growing bi-partisan support for action on this matter."

The legislation which Senator Proxmire will propose is less far-reaching than some anti-South African activists would like to see and is similar to a Bill which has already been approved by the House of Representatives.

It would prohibit new investment by U.S. companies and loans by U.S. banks in South Africa and it would ban U.S. bank loans to the South African Government and its entities except for loans for housing, health and education open to all South Africans.

While the prospects for such legislation in the Senate must be considered doubtful – Senator Proxmire can expect powerful opposition to his Bill both from the Reagan Administration and important business and other lobbies – it is equally clear that he is justified in claiming increasing bi-partisan support for a tougher line against South Africa.

The Administration has already begun cautiously to respond to this change of mood. President Reagan this month met Bishop Desmond Tutu of Johannesburg, a leader of the anti-apartheid movement, and Nobel Peace Prize winner. He subsequently angered the South African Government with some harsh criticism of the country in a speech on International Human Rights Day and by suggesting that U.S. diplomatic pressure led to the release this month of some South African political prisoners.

U.S. business has also begun to respond to the growing wave of criticism of apartheid. Earlier this month the 120 U.S. companies who subscribe to the Rev Leon Sullivan's code of conduct for doing business in South African endorsed a broadening of the Sullivan principles to include support for overtly political objectives including the ending of apartheid laws.

Jim Jones writes from Johannesburg: No reaction was immediately available yesterday from the South African Government to reports of Senator Proxmire's initiative. However, Pretoria has been watching carefully the growing anti-apartheid campaign in the U.S. and would take the prospect of any senate vote in favour of economic sanctions very seriously.

Somali landing rights for SAA, Page 2

CONTENTS

CABINET APPROVES AUSTERE BUDGET

Japan to boost defence spending

BY ROBERT COTTRELL IN TOKYO

THE JAPANESE Cabinet has approved an austere national budget for the 1985 financial year beginning April 1. But while many ministries face cash cuts next year, Japan's defence budget is to be increased by 6.9 per cent, faster than the 6.55 per cent rise budgeted for the current fiscal year.

The increase is likely to lift defence spending next year beyond the 1 per cent of gross national product to which it has been limited by political convention since 1976.

The Self-Defence Agency has gained most from a final round of haggling between government ministers in Tokyo this week.

In a draft budget presented to Cabinet by the Finance Ministry last Monday, defence spending was to be raised by 5.1 per cent to Y3.09 trillion (million million) (£10.6bn) during fiscal 1985. The 6.9 per cent increase to Y3.14 trillion will be financed partly by giving the agency extra cash from a Y160bn contingency reserve which the Finance Ministry had created within its original budget draft.

The government's total expenditure for fiscal 1985 is budgeted at Y52.5 trillion, an increase of 3.7 per cent over fiscal 1984. But most of the that increase is eaten up by higher debt-servicing costs and grants to local government. The national government's operational expenditures next fiscal year are expected to total Y32.59 trillion, a marginal decrease on the current fiscal year.

Higher defence expenditure is supported by Prime Minister Yasuhiro Nakasone, and will be a political asset for him at his summit next Wednesday with President Ronald Reagan in California. The U.S. has been pressing Japan to assume a larger regional military role.

Mr Nakasone is likely to face intensifying domestic criticism of the defence build-up, however, as annual spending approaches 1 per cent of gnp.

The present fiscal 1985 allocation represents a projected 0.997 per cent of GNP, but provides for wage increases of 1 per cent. In practice, the mid-year wage increases are likely to be higher, pushing total spending over the threshold.

Mr Nakasone has so far managed to avoid being pinned down on the "1 per cent issue." His critics next year are likely to include not just left-wing opposition parties, but also increasingly vocal elements within the ruling Liberal Democratic Party who believe that Japan should not jeopardise its "peace diplomacy," or who believe the Government simply cannot afford higher defence spending while its overall budget is in deficit.

The otherwise austere nature of the budget reflects the Government's continuing revenue shortfall, which it has financed by bond issues now totalling Y122 trillion. But some critics of Mr Nakasone say his Cabinet has not been firm enough in resisting pressure from local politicians for public works projects in their constituencies.

The budget also provides for a 10 per cent increase in Japan's overseas development aid in fiscal 1985, to Y561bn, in line with earlier official pledges to boost such aid.

Arafat hits at Syria after shooting

By Tony Walker in Cairo

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, has bitterly denounced Syria after one of his key supporters was gunned down in Amman at the weekend.

The assassination of Mr Fahd al-Qawasmi, 45, a former mayor of Hebron in the Israeli-occupied West Bank and a prominent PLO moderate, is a sign that the sometimes bloody battle for control of the Palestinian movement is far from over.

"Let the hireling killers and the rulers of Damascus who protect them know that they will not be able to destroy the will and determination of our people or to stop the Palestinian revolution," Mr Arafat said after his arrival in Amman from South Yemen for Mr Qawasmi's funeral.

The killing of Mr Qawasmi, within weeks of his election to the PLO's 11-member executive committee — effectively its "Cabinet" — at the session of the Palestine National Council (PNC) meeting in Amman, raises the stakes for those involved in the Middle East peace process.

It was clearly meant to intimidate other leading Palestinians from getting involved in a new moderate Middle East peace initiative.

Mr Qawasmi was one of those at the top of the PLO in favour of a political settlement to the Arab-Israeli conflict, but Palestinian militants in Damascus opposed to Mr Arafat's mainstream Fatah group remain committed to all-out arms struggle against Israel.

Syria, which provides a base for Palestinian groups anxious to bring about Mr Arafat's downfall, did all it could to prevent the convening of the recent PNC (the Palestinians' parliament-in-exile.)

The PNC endorsed Mr Arafat's leadership and opened the way for him to join King Hussein in efforts to revive the peace process.

Syria was successful in preventing Palestinian leaders, domiciled in Damascus, from attending the PNC, thereby underlining the deep divisions in the PLO.

The death of Mr Qawasmi will fuel tensions between Mr Arafat's supporters and Syrian-backed militants and may lead to further such incidents.

Mr Qawasmi was killed by a bullet in the chest after his assassins first lobbed a hand-grenade failed to explode. His six year old son saw his father shot.

One of the first to offer condolences to Mr Qawasmi's family was King Hussein of Jordan. The king later denounced the assassination as "a criminal and cowardly act."

Mr Qawasmi had been living in Amman since his expulsion from the West Bank in 1980 because of his PLO links.

Survivors vote

Survivors and relatives of victims of one of Italy's bloodiest wartime massacres voted overwhelmingly against the early release from prison of former Nazi SS major Walter Reder who ordered the killings.

S. Korean row with France may jeopardise contracts

BY STEVEN B. BUTLER IN SEOUL AND DAVID MARSH IN PARIS

SOUTH KOREA and France have fallen out over a French decision to change the name of North Korea's representative office in Paris from a "trade mission" to a "general delegation."

France has said the change in name was made merely to reflect the North Korean mission's role in promoting cultural exchange as well as trade, and did not represent any upgrading of its relationship with Pyongyang.

South Korea, however, has shown its displeasure by recalling its ambassador for consultations and postponing a visit to Seoul by Mme Edith Cresson, the French Foreign Trade Minister.

The action has raised fears in Paris that growing commercial ties with Seoul, where France has made particular headway recently with high technology contracts, could be put at risk.

Framatome, the nuclear power company and Alsthom, the engineering group, are already building two South Korean nuclear plants and are hoping for further orders next year.

Alsthom is also pinning hopes on South Korean contracts for the export version of France's Train de Grand Vitesse (TGV) high speed train.

M Laurent Fabius, the Prime Minister, is due to visit Seoul next spring, partly in connection with further trade deals. The postponement of Mme Cresson's trip could herald a similar fate for the Prime Ministerial visit unless the two sides patch up the quarrel.

Airbus Industrie, the Toulouse-based airliner manufacturing consortium, has had high hopes of South Korean orders for the A310 Airbus, but the prospect has been dimmed by the row over North Korean representation.

Other French companies with keen interest in the future of South Korean ties include the CIT, Alcatel electronics group, which recently won a big order for a ticket distribution system for the Seoul metro, and the nuclear fuel services company Cogema, which is hoping for rich pickings from the expanding South Korean nuclear power programme.

TV makers win U.S. duty cuts

WASHINGTON — Three major South Korean colour television producers have won substantial reductions in U.S. penalty duties assessed on imports of their products.

In a final determination published last Friday, the U.S. Department of Commerce assessed "dumping" margins on colour TVs produced by Samsung Electronics, Gold Star and Daewoo at 14.88 per cent or less, down sharply from margins as high as 52.5 per cent determined last September. On a weighted average basis, the final penalties come to about 12 per cent, a department official said.

The duties will be imposed on imports totalling about $250m (£215m) a year.

The Commerce Department ruled last May that anti-dumping duties of about 15 per cent on a weighted average basis, should be imposed on imports from the three South Korean producers on the basis of complaints made by General Electric and two U.S. trade unions.

Following that decision, the Korean producers asked the Commerce Department for an "expedited" review of the case, apparently confident that a second look would result in lower duties.

But, to the shock of the Korean industry, the Commerce Department's reassessment of the situation in September resulted in a substantial increase in penalty duties when a number of hastily drafted South Korean claims could not be verified. The department said duties should be raised to 52.5 per cent of the prices for colour TVs exported to the U.S. by Samsung Electronics, to 29 per cent for sets produced by Gold Star and to 25 per cent for sets shipped by Daewoo.

Following a final review, penalty duties were cut to 12.23 per cent for Samsung, 7.47 per cent for Gold Star and 14.88 per cent for Daewoo.

Department officials attributed the substantial penalty duty reductions, to much better documentation of manufacturing costs and home market pricing by the Koreans. AP-DJ.

Restrictions on Poles demanded

By Leslie Colitt in Berlin

WEST GERMANY'S welcome for the growing number of Poles who jump ship in West German ports and remain in the country, may be wearing thin.

Herr Heinrich Lummer, West Berlin Interior Secretary, has called for a tightening of West Germany's residence requirements for Poles. Herr Lummer said this was essential in order to combat a "rising tide of largely social welfare tourism" by Poles to West Germany.

Under a 1966 West German regulation, East Europeans who choose to remain in West Germany cannot be sent back home, unlike asylum-seekers from other countries. More than 1,000 Poles have jumped cruise ships and ferries in West German ports this year.

Of the 200,000 Poles who have come to West Germany in recent years, about 20 per cent are estimated to receive welfare funds.

Herr Lummer claimed the Poles arriving in West Germany have an unjustifiable advantage over other refugees. He is the latest of a number of West German officials—all members of the governing Christian Democrat Party—who have expressed concern over the influx of Poles.

Recently, Herr Lummer, who is also West Berlin's deputy mayor, called for a sharp reduction in the time it takes to rule on applications for political asylum.

West Germany has one of the world's most liberal asylum laws and West Berlin, in particular, has been inundated by asylum-seekers from the Middle East and Far East.

Poles seeking to leave their country for the West often find it easier to obtain a passport by booking a short cruise.

Landing rights talks

South Africa is negotiating with a number of East African countries on the lifting of overflying and landing bans which at present prevent the national airline, South African Airways (SAA), from flying direct routes to and from Europe, writes Jim Jones in Johannesburg.

At present SAA only has landing and overflying rights with the country's immediate neighbours, Zambia and Malawi and Ivory Coast. As a result the airline is obliged to fly around the West African bulge to Europe.

Austrian dam site plans shelved

AUSTRIA'S Chancellor Fred Sinowatz, under intense pressure from environmentalist protestors, has shelved plans to clear a controversial dam site, *Reuter reports from Vienna.*

Herr Sinowatz said over the week-end that the Government had decided against resuming tree-felling work on January 4 as planned at Hainburg, east of Vienna, where bloody clashes took place between police and environmentalists last week.

Some 2,000 conservationists have been camping at the site to prevent what they regard as the destruction of the Auwald, one of Europe's last primeval forests.

The Chancellor had earlier insisted that work on the hydro-electric dam project, which has strong backing from trade unionists and industrialists, would go ahead.

His turnaround seemed to be aimed at defusing a growing storm over the issue. A nation-wide movement has demanded a referendum to decide if the Hainburg dam should be built at all.

Several people were hurt when police and protesters battled last week and the Government ordered a two-week halt to the tree-felling.

Herr Sinowatz said work would now be postponed until emotions had eased and that the Government would in any case start looking at alternatives to Hainburg.

A new set of energy proposals to be discussed by the Government next week would include shelving the project, building several smaller plants instead of building another major dam on a less controversial site.

The Government had earlier said completion of the Hainburg dam was vital to Austria's energy needs.

The Chancellor also pledged that in future environmental issues would be taken into account much more thoroughly in the planning stages of major projects.

The protests over the dam project boiled up into the most serious domestic policy crisis to hit Herr Sinowatz's Government since it was formed in April 1983.

Building permission was granted last month. A contract had been signed to clear the site of trees by the end of January.

The dam was to be the ninth major hydro-electric installation on the Danube under a government scheme to boost domestic energy and reduce dependence on imported oil and gas.

Indian state government to sue Union Carbide

THE Indian state of Madhya Pradesh will file legal suits in India and the U.S. against the Union Carbide company over the gas leak which killed more than 2,500 people earlier this month, *a state government official said yesterday,* Reuter reports from Bhopal.

He said the state government would file on behalf of itself, its employees and other people affected by the disaster.

About 25,000 people were seriously injured by the leak on December 3 at the Union Carbide plant in the state capital, Bhopal.

The official said the state had appealed to people not to enter into individual agreements with foreign lawyers to take up suits on their behalf. Several groups of U.S. lawyers have been in the city signing up victims.

Residents of affected areas said some U.S. lawyers had offered them 100 rupees to sign up with them.

The official said the state *council of ministers had decided* to set up four legal aid and guidance centres to collect information.

Brazil inflation rate climbs to record 223.8%

By Ann Charters in Rio de Janeiro

BRAZIL'S annual inflation rate reached a record 223.8 per cent this year, according to an official announcement from the Fundacao Getulio Vargas, an institute responsible for measuring the country's economic performance.

The inflation rate is the highest since the institute began its calculations 37 years ago and is thought to be the highest rate this century. Last year's inflation rate reached 211 per cent.

Wholesale prices of petroleum products, wood, cement, *fabrics* and food registered the highest increases, according to officials at the institute.

The official inflation rate, called the general price index, is a weighted composite of wholesale, retail and construction prices.

The annual rate of inflation is well above the goal of 180 per cent agreed by the government and the International Monetary Fund in Brazil's sixth letter of intent which outlined a number of economic targets for this year.

Brazil's latest agreement with the IMF for a new economic adjustment programme for 1985 was outlined in a seventh letter of intent. It calls for a drastic cut in the inflation rate to 120 per cent, a target considered by many industrialists and businessmen to be unrealistic.

Belgrade ends petrol curb

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVS will receive a little New Year cheer from tomorrow in the shape of the lifting of petrol rationing and the scrapping of cash deposits on travel abroad.

The deposits for foreign travel were introduced some two years ago as a temporary measure to stem outflows of scarce foreign exchange.

They proved immediately controversial and drew strong fire from the western-most Republic of Slovenia which claimed that links with Slovenian minorities in Austria and Italy would be damaged.

Because of numerous exceptions, less than 2 per cent of all Yugoslavs travelling abroad have actually been paying the deposit.

More significantly, the halving of the external value of the dinar over the past two years has made foreign travel so prohibitively expensive for many Yugoslavs that border exits have been reduced by 53 per cent.

A few weeks ago, the Government allowed the previously banned importation of personal computers, in order to increase the "computer literacy" of Yugoslavs.

Ceilings for allowed imports by individuals, including duty-free imports have been considerably increased, especially for goods brought back by returning guest-workers who wish to open their own small businesses.

W. German group in truck gear deal with Chinese

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY has forged another link with China to back up the intense efforts of the Chinese to develop their motor vehicle industry.

In the latest deal, the Chinese are to make gears for heavy trucks under licence from Zahnradfabrik Friedrichshafen (ZF), one of West Germany's main motor vehicle component concerns.

ZF said that a contract signed with two organisations, CNAIEC and Norinco, would ensure that it had a major part of the Chinese market for heavy truck gears. There would be "considerable" exports to China while local production was being built up, it added.

The West German company said it had initialled and was about to sign a further contract to licence steering system production in China for agricultural and construction equipment. This project would also involve shipments to China.

In neither case, however, has ZF given details of the volume of local production or the time-scale planned.

Vehicle producers and component makers in the West have been lobbying hard to join in China's efforts to build up its motor vehicle industry with Western "know-how."

Volkswagen, West Germany's biggest car maker, is setting up a joint venture company with the Chinese to assemble Santana cars in Shanghai, with output building up to 20,000 a year by 1989.

The cars will be mainly for Communist officials and taxi services at first, but the project appears to open the way to private car ownership in China.

The joint venture company will also set up a factory to produce engines, turning out 100,000 a year by 1990 including 80,000 for export to VW's own car plants.

MAN of West Germany recently reached agreement with the Chinese on co-operation in truck assembly.

York Trailer of the UK has also signed a deal under which major components for commercial vehicle trailers will be made under licence in China.

● Brown Boveri, the West German subsidiary of the Swiss-based electrical concern, has won orders worth DM 169m (£43m) for electricity transmission projects on the Indonesian islands of Java and Bali and in Burma.

● Kraftwerk Union (KWU) of West Germany is to deliver three 500 Mw steam turbines and generators for the Loy Yang power station 160 km south-east of Melbourne, Australia. The power station will use locally mined brown coal.

Suez Canal charges set to rise

By Tony Walker in Cairo

SHIPS sailing through the Suez Canal will be charged increased tolls from tomorrow in a move that the authorities expect will add $31.5m (£27m) to revenues for the current fiscal year. The increases will average between 3.5 and 3.7 per cent.

Mr Mohamed Ezzat Adel, chairman of the Suez Canal Authority, said last week there would be a 4.6 per cent increase for the first 5,000 tonnes of cargo, 4.7 per cent for the next 15,000 tonnes, and between zero and 3.6 per cent for subsequent tonnage, depending on the cargo and type of vessel.

Transit tolls for oil tankers of more than 20,000 tonnes will remain unchanged, but rates will be increased by 3.6 per cent for vessels carrying bulk and mixed cargoes, and by 3.4 per cent for the remainder.

Mr Adel has defended the decision to increase charges, saying they were lower than the rates of inflation in most parts of the world.

The Canal is Egypt's third largest income earner after remittances from Egyptian workers abroad and petroleum.

Earnings in fiscal year 1983-1984 exceeded $1bn, although the Gulf war had an impact on movements through the canal. The mining of Gulf of Suez and the Red Sea in the middle of the year also contributed to a drop in traffic.

SHIPPING REPORT

Insurance rates reach new high after Gulf attacks

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ONCE AGAIN, an otherwise dull market—even more so in the limbo between Christmas and the New Year—was given a dash of drama last week by further attacks on tankers in the Gulf.

After the hits on two VLCCs (very large crude carriers), the Kanchenjunga from India and the Aragon from Spain, hull insurance rates for traffic to and from Iran's Kharg Island terminal reached new highs.

Insurers at Lloyd's were reported to be seeking net rates of 12 per cent for the area, three times the previous level. War cargo rates are around 5 per cent, up from just over 1 per cent the week before.

But with hardly any tankers now going to Kharg, such rates are largely academic. Japanese traders are suspending crude oil shipments from there because of the attacks. The problems add to those caused for the industry by the tonnage *surplus and weak demand for* oil generally.

"The year closes," said E. A. Gibson Shipbrokers in melancholy mood, "in the same perilous state as it has been for the last decade."

Although the total of tankers laid up dropped during the year from 62m deadweight tons to 50m dwt, scrapping has slowed down and the *surplus for ships* of more than 200,000 dwt in the VLCC category remains.

Over the year, the size of the world's tanker fleet fell by some 17m dwt to 263m dwt, said Intertanko (Independent Tanker Owners' Association). The short-term outlook was not bright.

Even so, it hoped for a gradual rise in oil demand and further scrapping of redundant tankers which could push up chartering rates.

But Intertanko repeated its warning that continued handouts to shipowners and yards would only prolong the crisis. "A major element of uncertainty is whether *governments and banks continue* to make subsidies and soft credit terms easily available for the building of ships."

WORLD ECONOMIC INDICATORS

RETAIL PRICES
(1975=100)

	Oct. '84	Sept. '84	Aug. '84	Oct. '83	% change over previous year
W. Germany	144.9	144.1	144.0	141.9	2.1
France	250.4	248.9	247.4	234.2	6.9
Italy	390.6	384.7	383.6	356.5	9.6
Netherlands	163.4	162.3	161.7	159.0	2.8
Belgium	185.1	184.2	183.7	174.9	5.8
UK	265.3	263.7	263.1	252.7	5.0
U.S.	195.5	195.1	194.1	187.7	4.2
Japan	155.8	154.6	152.2	152.6	2.1

Source: Eurostat

Soviet Union orders cables from India

The Soviet Union has placed an order worth Rs 350m (£24m) for paper insulated lead calendar (PILC) cables from India, R. C. Murthy writes from Bombay.

A contract negotiated by an Indian delegation to Moscow envisages six Indian cable companies, including a Siemens affiliate, supplying 2,400 km of PILC cables before November 1985. The trade protocol between the two countries provides for supply of 3,000 km of cables from India next year.

The Soviet order will provide 40 per cent more jobs than in 1984, when the Soviet Union purchased 1,700 km of cables worth Rs 250m.

Philippines to double imports of coal

The Philippines will need to import about 700,000 tonnes of coal in 1985 compared with about 300,000 imported this year from Australia, Canada and China, the Energy Ministry said in a report last week, Reuter reports from Manila.

Mr Wenceslao de la Paz, director of the Bureau of Energy Development, said Philippine coal output rose to 1.24m tonnes in 1984 from 1.18m in 1983 but failed to keep up with demand which rose to 1.6m tonnes from 1.05m.

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Dublin hands over EEC Presidency and its problems to Rome tonight. FT writers report

How Irish 'innocents' fell out with France

IRELAND'S presidency of the EEC, which has just ended, may have taught the Irish more about the nature of the Community in six months than the previous 10 years of membership, Brendan Keenan reports reports from Dublin.

"We like to think we are a cynical bunch," said one senior official who was closely involved with the Presidency, "but really, we're just innocents abroad."

For one thing, the Irish may *never feel quite the same again* about their old allies, the French. The Dublin Presidency began just after the Fontainbleau summit which was hailed as a triumph for President Francois Mitterrand.

The Irish believe France was determined that any subsequent failures would be blamed on them rather than on any intrinsic flaws in the Fontainebleau agreement covering EEC budget reform.

The main concern of Dr Garret Fitzgerald, the Irish premier, was to break the logjam over the terms of entry into the EEC of Spain and Portugal. His main efforts were focused on the summit in Dublin which he hosted earlier this month.

Forecasts that the summit would fail—inspired by the French, Dublin believes—proved over pessimistic. Agreement was reached on a new EEC system for curbing wine production which, in turn, opened the way for key negotiations with the two applicant countries.

Greece's threat to hold up a final approval on enlargement until its own demands for special Mediterranean programmes are satisfied tarnished the achievement at Dublin. But it was nonetheless, a valuable one.

Although this was their second experience of occupying the EEC Presidency (which passes from one member-state to another every six months), the Irish were still surprised by the burden it imposes. The bureacratic going is always tougher for smaller member states because of their more limited resources.

The Irish Foreign Ministry employs a total of 300 people in Dublin of whom only 98 are of diplomatic rank. Staff were drafted in for the summit from bodies as diverse as the Tourist Board and the Department of Health. Some proved effective while some had little idea of what they were supposed to do.

The Presidency also produced tensions within Irish politics, notably the rivalry between the Foreign Minister, Mr Peter Barry, and his deputy, Mr James O'Keeffe. Mr Barry is generally reckoned not to have performed well, and critics say he lacks the chairmanship skills and the streak of ruthlessness needed to get results in the various council meetings.

Mr O'Keeffe, on the other hand, although a minor figure in domestic politics, is given credit for the successful outcome of negotiations on a new Lomé Convention on trade with *African*, Caribbean and *Pacific* countries.

However, some of the other decisions taken during the past six months may cause difficulty for Ireland in the future.

The agreements reached on budgetary discipline must inevitably mean cutbacks in agricultural spending, from which Ireland is the biggest *per capita* beneficiary.

The opposition spokesman, Mr Ray McSharry, has already spotted this and will seek to blame the Ministers involved as the practical implications for farmers become clear.

The Dooge Committee, which is to report on ways of advancing European union, is also something of a time-bomb for the Irish. Its chairman, Prof James Dooge, is a friend of Dr FitzGerald, who nominated him for the post and then fought off a German challenge for the chairmanship.

But the committee seems certain to lay heavy emphasis on defence and security co-operation in its report—subjects which the neutral Irish Republic traditionally refuses to discuss in an EEC context.

Italy faces some difficult manoeuvring

The Italian Government will start talks with the European Commission in the next few days to draw up a new 1985 budget for the Community, writes Paul Cheeseright in Brussels.

At midnight tonight, Italy takes up its six-month presidency of the Community and the budget talks will be its first task. The rejection of a *draft budget by the European* Parliament earlier this year has immediately plunged the presidency into an institutional squabble.

Italy takes the lead in a Community which is not ticking *over smoothly nor reaching* for new horizons, but rather is stuttering towards the resolution of internal problems while facing the challenge of enlargement to include Spain and Portugal.

The absence of a budget leaves the Community operating its finances on a month-to-month basis in 1985, a major test of administrative skill for the new Commission which takes over at the weekend.

Italy may well find itself engaged in difficult manoeuvring to smooth over the political consequences, especially for the farm sector, *caused by cash shortfalls* on existing programmes.

There is also likely to be continued sniping from Athens as the Greek Government resumes the attack it mounted at Dublin's December Summit *for more spending* on southern farming within the framework of the so-called Integrated Mediterranean Programme.

Simultaneously, the new Community president will have to pick up the negotiating files on the accession of Spain and Portugal to the EEC. New talks start early in the month. The vexatious questions of wine and agriculture remain to be settled.

Ireland, Italy's predecessor, has already warned that negotiations have to be finished by the end of March if the entry target date of January 1, 1986, is to be met. But while Italy has to supervise the entry terms of Spain and Portugal, it also has to supervise the exit terms of Greenland, scheduled for tomorrow, but administratively and juridically still in the air.

There are a number of other political problems including the running of the Community's steel controls and standards for vehicle emissions.

CBI calls for national buy-British campaign

A NATIONAL crusade to promote British products and to create jobs in the coming year is called for today by Sir Terence Beckett, director general of the Confederation of British Industry (CBI), Alan Pike writes.

In a new year message to CBI members he says: "There is a need to drive home the message that our prosperity as a nation depends on our ability to make and sell the kind of goods and services that people want, at prices they are prepared to pay."

He said the crusade had to involve companies and buying agencies, not just those in the retail trade. "The stakes are high. Growing unemployment could undermine everything we hold dear."

□ THE UK is to be represented at ministerial level at the meeting of member states of the European Space Agency in Rome on January 30 and 31 to decide the future direction of Europe's space programmes for the rest of the century.

The European Space Agency (ESA) which administers space programmes on behalf of the 11 member states, believes it has reached a "turning point in its activities" with the successful completion of its major programmes. These included the development of the Ariane rocket and the European Spacelab and telecommunication satellite programmes.

Europe now has to decide "in which direction to orient its activities to maintain its autonomy in space and to enable European industry to remain competitive on the world market," ESA said.

□ BUSINESSMEN have become more confident about the economic outlook as the miners' strike has shown signs of crumbling, but optimism remains much lower than it was a year ago, the Institute of Directors reports in its latest survey of business opinion.

Stock market investors, however, see a "stable and rather boring outlook for 1985", according to a separate survey of investment institutions compiled by stockbrokers L. Messel. Investors expected little change in sterling's effective exchange rate or in the levels of U.S. and UK interest rates over the next year.

□ INSURANCE companies and pension funds invested a net £1.47bn in British company securities in the third quarter of 1984. This is the largest investment in UK shares since the abolition of foreign exchange controls in 1979.

Overall net investments by insurance companies and pension funds totalled £3.87bn, compared with £4.21bn in the second quarter. In the first nine months of the year investments reached £12.04bn, compared with £10.72bn in the same period of 1983.

□ BUMPER harvests and stagnant consumption will lead to a dramatic rise in the EEC's grain mountain, Aberdeen University's School of Agriculture predicts.

It estimates that 1984 Community grain production at 145m tonnes, a rise of 20 per cent on 1983, with soft wheat output up by 25 per cent to a record 69.3m tonnes.

Murray accepts peerage in new year honours

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

Mr Len Murray

Mr Frank Chapple

MR LEN MURRAY, who until September was general secretary of the Trades Union Congress (TUC) and Mr Frank Chapple, who recently retired as leader of the electricians' union, are among the leading names in the list of honours traditionally given at this time of year in recognition of political, trade union or public service.

Mr Murray and Mr Chapple are among four life peers which will enable them to take seats in the House of Lords, Britain's upper house.

The others are Dame Mary Warnock, the new mistress of Girton College Cambridge and chairman of the Government-appointed committee of inquiry into test tube fertilisation of human embryos, and Mr Nigel Vinson, chairman of the Development Commission.

Mr Chapple's acceptance of a peerage comes as little surprise. Having launched his career in union politics at national level by taking on and defeating the communist leadership of the electricians' union, he later developed into one of the Labour Party's most outspoken, trenchant and provocative critics of the left wing.

In recent year he has infuriated purists in the party by his advocacy of co-operation with the Liberal/Social Democratic Party alliance and there is already speculation about which, if any, party he will decide to adopt in the Lords.

However, Mr Murray's acceptance of a peerage, from a Prime Minister widely credited with having undermined his standing in the union movement and hastened his retirement, has caused widespread astonishment.

After Labour's 1983 election defeat, Mr Murray placed himself at the head of those in the TUC urging a "new realism" among unionists – a recognition of the decline in trade union power, and of the need to seek a working relationship with the Government.

The Government's ban on trade unions at the communications centre at Cheltenham soon after that undercut his efforts, and his failure to influence the Government on the issue was seen as a blow to his authority from which he never really recovered.

Among the awards for industrialists there are eight knighthoods, including Mr Kenneth Durham, chairman of Unilever, Mr Christopher Hogg, chairman of Courtaulds, Mr Robert Haslam, chairman of the British Steel Corporation, Mr William Coats, chairman of Coats Patons and Mr Norman Payne, chairman of the British Airports Authority.

The list contains a sweetener for Mr Edward Du Cann who was recently ousted as chairman of the 1922 Committee of Tory backbenchers after 12 years in office. He becomes a KBE (Knight Commander Order of the British Empire) which distinguishes him from the slightly less prestigious KB with which Tory backbenchers are usually honoured.

Three Tory MPs honoured with the more routine knighthoods are Mr Paul Dean, Mr Fergus Montgomery and Mr Peter Tapsell.

Foreign banks form syndicates to enter UK mortgage market

BY DAVID LASCELLES, BANKING CORRESPONDENT

FOREIGN BANKS are eager to make mortgage loans for house purchases in the UK. But those which lack big branch networks have found a new way of tackling the market: by forming syndicates.

Over the past year or so, more than 20 have put together five syndicates with a total of £300m to lend. The latest, in which they pooled £117m, was completed last month. The scheme was conceived by the Bank of Scotland, which has already developed a reputation as one of Britain's more innovative banks.

Mr John Robertson, a general manager in the Edinburgh-based bank, said he believed the venture was unique in the UK, and he predicted that more syndicates would be assembled next year because of their fast-growing popularity. Virtually all home owners who borrow under the scheme think they are taking out a Bank of Scotland mortgage, and until last month's syndication, the whole operation was kept under wraps for competitive reasons.

The idea arose a couple of years ago when the Bank of Scotland had lent all it felt it prudently could to the mortgage market, but was reluctant to pull out because the returns were so good.

At the same time, many foreign banks had begun to eye the UK home finance business because it seemed a good way to expand their sterling loan book. So the Bank of Scotland had the idea of inviting foreign banks to contribute to a pool of funds from which it would make and administer mortgages under its own name.

Although there are many examples in the U.S. of secondary or "pass-through" markets in mortgages, there was no exact model for what the Bank of Scotland was trying to do, and this caused some legal complications. "It was a minefield," said Mr Robertson. Finally a 36-page document of terms and conditions was drawn up as a standard syndicate contract.

It ensures, among other things, that the risks and the benefits are both shared by all the members of the syndicate: they get paid according to how much they put in, but they also bear their share of any loan losses. But because the Bank of Scotland's name is on the line, it retains the right to buy in any participation to prevent a syndicate bank calling a default if a borrower falls into arrears.

The small print in the mortgage contract tells borrowers that their loan may be syndicated. "We want to have full control," said Mr Robertson.

The Bank of Scotland markets the loans through its branches and does all the vetting and paperwork. Instead of collecting a fee, it makes its money by charging the going rate for mortgages but only paying the syndicate members a "reward rate" linked to the cost of money in the money markets.

Because the mortgage rate is usually higher, the Bank of Scotland earns a "spread" for its pains. However there is a risk that the money market will move higher than the mortgage rate and leave it showing a loss.

"The scheme has allowed us to be quite aggressive in the mortgage market at a time when other banks were a bit shy," Mr Robertson said.

The latest syndicate consisted of the First Interstate Bank of California, Security Pacific, Kredietbank, Amsterdam-Rotterdam Bank, Bank of America, Marine Midland, Mellon Bank and Union Bank of Switzerland.

Mr Robertson will not say who the participants in earlier syndicates were, except that they included some of the ones just mentioned.

The building societies, always anxious when banks start moving into their field, are watching the scheme closely, although it hardly poses much of a threat as yet. It marks something of a change, however, from the foreign banks' normal approach to the UK mortgage market, which is to bypass mass lending and go for big mortgages at the wealthy end.

Thatcher underlines need to create jobs

By Our Political Staff

TAX CUTS, spending cuts and more privatisation are among promises for 1985, as set out in the new year message from Mrs Margaret Thatcher, Prime Minister.

She says that Government should not dig too deep into people's pay packets. "If we are to reduce the burden of income tax on those people on average and lower incomes, and I am determined that we shall, then we must show equal determination in our control of public spending."

Mrs Thatcher reinforces the message of Mr Nigel Lawson, Chancellor of the Exchequer, reported in a newspaper interview yesterday, as saying he plans tax cuts and tax reforms for the 1985 budget as job-creating measures.

The Prime Minister says: "In 1985, when for so many people the main concern will be employment, let all of us accept our responsibility to help create more jobs."

As far as the Government is concerned, however, Mrs Thatcher makes clear that this involves continuing "to control public spending and borrowing in order to ease the burden placed on employers by inflation, interest rates, taxes and local rates."

"We will also continue to boost training and help the long-term unemployed with the community enterprise programme," she adds.

Mrs Thatcher calls on management to relate pay increases to rises in productivity, and on unions "finally to rid themselves of any lingering strike-happy attitudes." But she finds hope for the new year in the growing "realism and commonsense...about how to achieve success." Britain, she insists, is united by an "unswerving belief in personal freedom."

"We are now seeing a rebirth of personal responsibility," she concludes. "It will bring new hope for our country and new heart to our people."

Mr Neil Kinnock, the Labour leader, however, sees little hope for 1985. "Britain on the eve of 1985 is a divided country, governed by a Prime Minister determined on confrontation," he says in his new year's message.

The past year, he says, had been a year of insecurity and injustice for millions. "Britain at the end of 1984 is less free, less fair, less productive and less prosperous than it was in 1979 or for years before then."

Attacking the Government's record on the economy, he refers to record unemployment, rising private debt, rising numbers of bankruptcies, an increasing trade deficit on manufactured goods, and the continuing fall of the pound.

"Sterling reached its lowest ever international value – and that still was not enough to make up for the loss in competitiveness inflicted on British producers by five years of Government squeeze on industry."

Vehicle catalysts could cost £2.5bn a year, says BL

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, THE state-owned group, has given a warning that the introduction of three-way catalytic converters like those used in the U.S. to control pollution from cars could cost Britain £2.5bn a year.

The company is promoting as an alternative to the catalysts, the development of high compression engines operating on weak fuel mixtures – the so-called "lean burn" engines.

It points out that these engines have been under development for some time because they also offer the best prospects for fuel consumption improvements and, with modern ignition and fuel systems, should not suffer appreciable deterioration of emission performance with age.

BL has stepped up its campaign against the "cats" because orders for cars fitted with them have suddenly soared in West Germany where from January 1985 the Government is offering various incentives to those who buy them.

In particular, BL has been briefing MPs and emphasising that motor industry opposition to catalysts arises because they are technically and economically a bad compromise.

The group claims that a three-way catalyst and its expensive and complicated control and operating equipment would add between £400 and £500 to the retail price of a typical UK car.

There is also a 5 per cent to 10 per cent fuel economy loss when the catalyser is fitted to a car. Together, these two factors would cost the UK motorist about £1.5bn a year, BL maintains.

An inspection and maintenance system for the emission equipment would add a further £1bn a year to the bill because replacement catalysts in the U.S. now cost about £200, without labour charges for fitting.

BL points out that deterioration of catalyst systems in service is very rapid, judging by the U.S. experience

During the second half of their lives (over 50,000 miles) many vehicles are running with uncontrolled emission because of natural deterioration as well as misuse, overspeeding, misfuelling (with leaded instead of unleaded petrol) and deliberate tampering to improve a vehicle's performance.

The UK company suggests that the decision of the West Germans to go-it-alone with catalysts threatens to divide Europe both politically and economically and is a breach of the principles of the European Community.

BL is worried that the technological and scientific arguments in support of further study to determine the best way to deal with pollution from cars will be overtaken by the political need to avoid a breakdown in a key area of the Common Market.

Overtime work 'still increasing'

By John Lloyd, Industrial Editor

THE AMOUNT of overtime worked by male manual workers goes on rising while companies continue to cut the length of the working week.

In a few cases, however, companies are reaching new agreements which cut the annual hours worked – including overtime – and are creating some additional jobs.

These trends are highlighted in the present issue of the Trades Union Congress (TUC) progress report on its campaign for reduced working time, part of a concerted campaign launched by the European Trade Union Confederation.

The report shows that, over the year to April 1984, some 52.5 per cent of male manual workers worked overtime, compared with 49.8 per cent in the previous year. The average overtime worked by these workers has also increased – from 9.3 hours a week in 1983 to 9.6 hours a week in 1984.

The trend was repeated among women workers, with 21 per cent working overtime to April 1984 compared with 19.1 per cent in the previous year. They worked an average of 6.2 hours of overtime.

The TUC comments: "The increase in overtime working as the economy turned up in the 12 months from April 1983 indicates that overtime working is still a distinctive characteristic of work, particularly male manual work in Britain. A large part of the overtime increase is a result of previous management decisions to cut costs by reducing manpower.

"The TUC has consistently pointed out that this is a very narrow and short-sighted policy even on economic grounds; skilled work teams once broken up are very difficult to replace. Doing so in the recent past means that firms are resorting to overtime, as costly as this is."

Company Notices

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Dec 28–Jan 3

Music

LONDON

London Symphony Orchestra conducted by John Georgiadis, violin. New Year Viennese concert (Mon and Tue). Barbican Hall (638 8891).

Cleo Laine and the John Dankworth Quintet with the London Symphony Orchestra. Barbican Hall (Thur).

WEST GERMANY

Frankfurt, Alte Oper: A New Year concert with the Frankfurt Radio Orchestra, Beethoven's 9th Symphony. Soloists are Kaaren Erickson, Jean Henschel, Werner Hollweg and Boris Carmeli (Tue).

NEW YORK

New York Philharmonic (Avery Fisher): Zubin Mehta conducting, Gidon Kremer violin. Schumann, Sofia Gubaidulina (Thur). Lincoln Center (799 9595).

Merkin Hall (Goodman House). Sine Nomine Singers. Harry Saltzman conducting. Bach, Scarlatti, Schütz, Handel (Tue mat). 67th W. of Broadway (362 8719).

WASHINGTON

National Symphony (Concert Hall): Myung Whun Chung conducting Bradford Gowen piano. Mozart, S. Adler, Tchaikovsky (Thur). (254 3776).

VIENNA

Vienna Philharmonic New Year's concert conducted by Lorin Maazel. Musikverein (Mon and Tue). (658 190).

Vienna Symphony Orchestra New Year's concert conducted by Lovro von Matacic with Elaine Woods, soprano, Ruza Baldani, contralto, Josef Protschka, tenor, Alfred Muff, bass, and the Singakademie. Beethoven Ninth Symphony. Konzerthaus (Mon and Tue). (72 1211).

Linz Bruckner Orchestra and Osaka Festival Choir conducted by Kurt Rapf with Sabine Hass, soprano, Margaret Lilowa, contralto, William Ingle, tenor, and Arthur Korn, bass. Beethoven ninth symphony. Konzerthaus (Thur).

NETHERLANDS

Amsterdam, Nieuwe Kerk. The traditional New Year concert by candlelight in the church beside the Royal Palace with Bernard Winsemius and Gustav Leonhardt, organists. Italian vocal works of the 16th and 17th centuries, and organ works by Bach (Tue, 3 pm). (236 432).

Amsterdam, Concertgebouw, New Year matinee (3 pm) by the Netherlands Wind Ensemble (Tue): Children's Concert (2 and 4 pm) with Theo Olof, violin, and the Netherlands Wind Ensemble (Thur). (718 345).

Rotterdam, de Doelen. The National Youth Orchestra conducted by Adam Gatehouse, with Robert Jan Rozeman, piano. Liszt, Tchaikovsky (Mon); Piet Struijk conducts the Rotterdam Opera Choir and Orchestra (Tue and Wed). (142 911).

Utrecht, Muziekcentrum Vredenburg. The opening of the European Music Year. The Utrecht Symphony Orchestra under Hubert Soudant, with Theo Olof, violin. Berg, followed by the choir and baroque orchestra of the Netherlands Bach Society conducted by Andrew Parrott, with the Hilliard Ensemble. Tallis, Schütz, Handel, Bach (Tue, 3 pm). (314 544).

TOKYO

Tokyo Philharmonic Orchestra, conducted by Tadaki Odaka in New Year opera concert of popular arias and choruses. NHK Hall (Thur, 10 a.m.). (460 8111).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Rationalisation

A quest for stability

Ian Rodger explains the Swedish Esab group's philosophy for survival in mature markets

THE IDEA that a single company can rationalise a mature and overcrowded industrial sector has become tarnished since the collapse last year of IBH, the West German construction equipment group.

But Esab, the Swedish welding group, is undaunted. Three years ago, it decided that the only way to restore stability to the welding industry was to buy out ailing rivals and close the excess capacity that was undermining prices.

So far, its attempts seem to be working. Britain has been the main proving ground for the Esab strategy and, in the past two years, the company has turned around the bulk of the British welding equipment industry from over £2.5m in operating losses to more than £2.5m in profits.

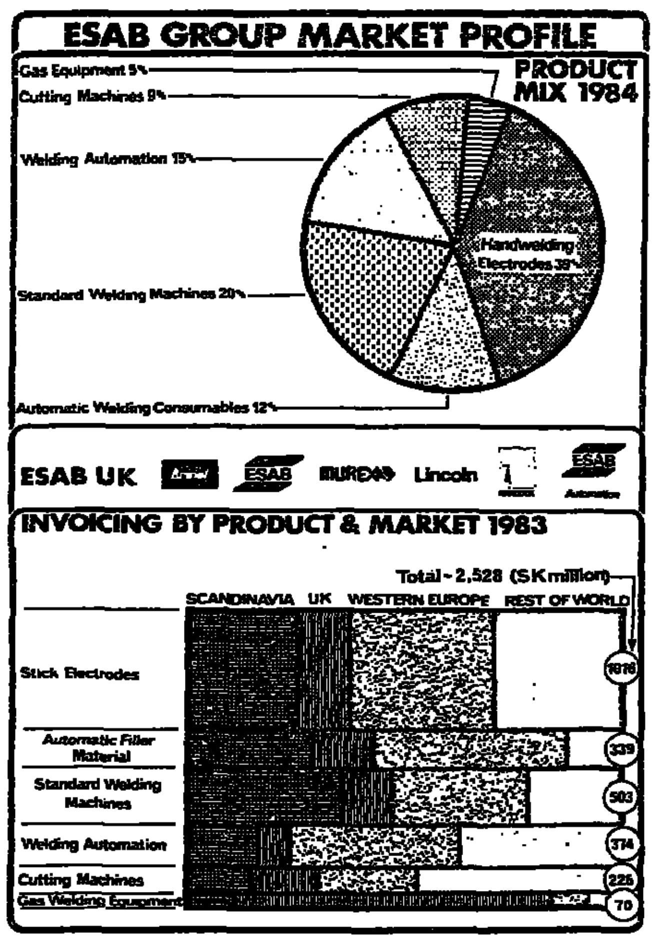
Esab's approach is to acquire enough companies in a given country to obtain a dominant market share. Then it closes all its excess capacity, knowing that even if rivals do not follow suit, it will still be the main beneficiary of the improved market conditions that emerge.

In 1982, it was able to pick up the Lincoln subsidiary of Guest Keen and Nettlefolds, then the second largest supplier in the UK market, and the Hancock cutting machine division of BOC. Last year, it bought BOC's Murex division, the market leader in welding equipment and supplies. Together with Esab's existing UK business, these acquisitions gave the company majority shares in some important market segments.

The group then faced two challenges; maintaining its market shares and reducing capacity and overheads.

Eliminating capacity has been painful, but not difficult. The company had inherited a large electrode plant from GKN at Welwyn Garden City, another from BOC at Waltham Cross in Essex and had its own plant at Gillingham in Kent. The UK market for electrodes has halved since 1978 to 27,000 tonnes a year and it was obvious that only one plant was needed. Waltham Cross was chosen partly because it had the space in which to concentrate the enlarged group's distribution activity as well.

More than 700 jobs went with these closures, but as John Wilkinson, managing director of Esab UK, points out, in a declining industry, that was not enough. "With volume going down, we have to work hard to keep the turnover per employee going up."



The group's UK turnover this year will be slightly over £60m and employment stands at 1,150, compared with about 4,000 in the predecessor companies five years ago. Stocks have been cut from over £25m in 1982 to £9m.

All overheads are still examined constantly. Esab has cut out six of eight computers and decided it can no longer afford to employ a lot of programmers. Now it buys standard off-the-shelf software packages.

On the marketing front, the company has taken a tip from the drink and tobacco industries, adopting a multi-brand strategy. It has maintained three separate sales organisations for the Esab, Murex and Lincoln lines, each with its own personality and long accepted product specifications.

The company is trying to minimise the extra costs of separate packaging, sales and administration, through the use of computers and automated equipment, but believes these costs are well worth it.

"We had seen others make the mistake of eliminating a brand name after a takeover," Bob John, the marketing director, says. "If we had dropped a brand, the distributors would have taken on imports." He also points out that Murex and Lincoln were well established names in export markets.

The adoption of this strategy coincided with a trend in the industry for independent distributors to become more important than large direct-sell customers, such as the shipyards, and Esab has put a lot of effort into supporting the distributors of its brands.

It has set out a clearly stated pricing policy for each and adhered to it strictly so that no distributor fears he is not getting as good a deal as his competitor.

Also, the company is making a big show of the fact that it is committed to the industry for the long term and, thanks to its improved financial position, is now investing again in new products and processes.

The result so far, according to John, is that the company has been able to maintain its market shares in traditionally strong product areas, such as consumables and Murex gas welding equipment. In the new technology areas, such as robot welding, it has improved its share significantly, mainly, he believes, because of its increased credibility.

Surprisingly, Esab has not yet managed to raise prices much. Even though it has very strong market shares, it still faces tough competition from other large European groups, such as Air Liquide of France and Oerlikon Bührle of Switzerland, and from many small makers of welding wire and other simple products.

"We are by far the biggest fish in the pond but there are a lot of small fish," Wilkinson sas. Also, customer resistance to price increases is strong. "The UK customer has got used to dealing with his local welding charity," he says sarcastically. "UK prices for sonsumables are the lowest in Europe."

Escab's experience in Britain has obviously reinforced the determination of the parent company in Sweden to continue with its acquisition programme. In the past two months, it has agreed to acquire the welding interests of Philips of the Netherlands and some of those of BOC in the U.S.

"The strategy of Esab is to dominate Europe and then the world," Wilkinson says simply.

Franchising

When service is a product

BY WALTER ELLIS

MARTIN RICHMOND, the new group managing director of Prontaprint, does not mince his words. "If a franchisee falls below standards, we duff him up. We may do it with kid gloves — after all, he owns the shop — but we let him know he's got to keep up to scratch."

Prontaprint is Britain's leading instant-print chain, run on a franchise basis from open-plan headquarters in Darlington. Richmond argues that his company is not really in the print business. "Our product is service," he says. "It is expertise. We are a franchising concern."

This may well be so—and certainly the business has begun to expand into new areas, including, most recently, franchise consultancy. Nevertheless, for the next few years at least, Prontaprint will be identified most obviously with its ubiquitous printshops, and it is for good reason that Richmond is determined to maintain standards all the way down the line.

Not that the heavy hand is normally required. "Our built-in external auditor is are the next-door franchisee," he observes. "They are the ones who keep up standards."

The instant-print business is increasingly competitive. There are several other major chains and hundreds of individual shops.

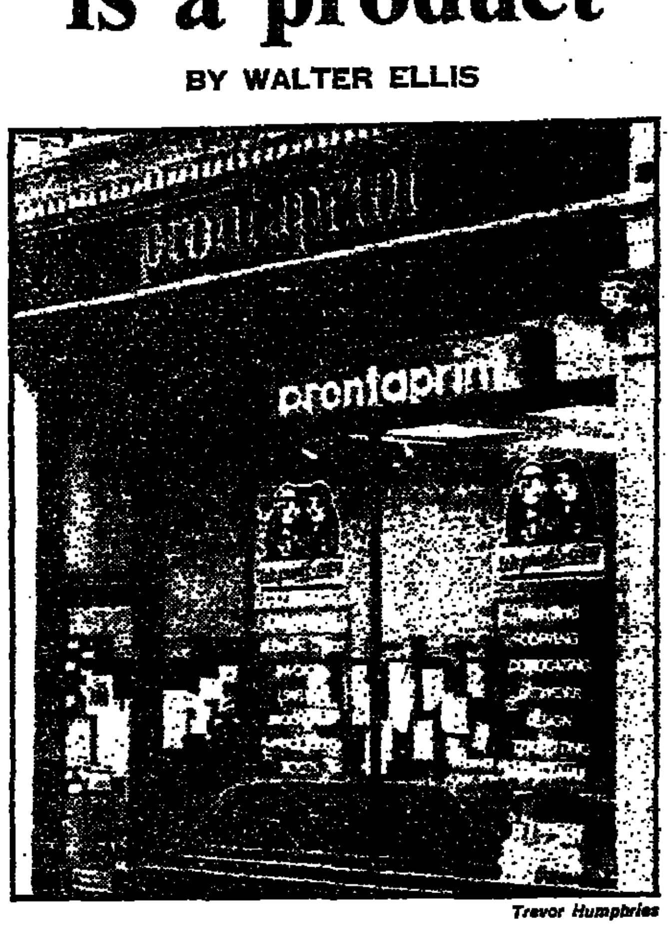
Richmond's emphasis throughout is on quality of service. He says that Prontaprint's selection procedure when evaluating would-be franchisees is rigorous, training thorough and follow-up a matter of strict business routine.

He is also fond of telling his staff and franchisees that "the most important machine in the shop is the till." He has good reason, for not only do individual operators require commercial good sense, but head office derives a large part of its income from the more than 300 links in the Prontaprint chain.

Every printshop remits 10 per cent of its net turnover, before VAT, to Darlington, and the rapid expansion of the business has led to rising profits and diversification.

Turnover of Prontaprint Holdings for the 12 months to end March 1984, rose by 24 per cent to £2.71m, and pre-tax *profits reached £418,000—an increase of 44 per cent.*

Prontaprint has already expanded into Continental Europe and South Africa, and there are plans for a move into franchise consultancy. Meanwhile, Prontaprint Holdings has begun diversifying through the purchase of Poppies, a domestic and clerical cleaning operation, and plans to expand it from 14 branches to 20 by next March. More recently, it opened Fudge Kitchen, shops making their own fudge and chocolate.



Trevor Humphries

Prontaprint now has international ambitions

Entry onto the Unlisted Securities Market (USM) has been predicted for some time and is now expected to go through in the course of next year. Richmond places a value of between £10m and £15m on the holding company, 40 per cent of which has been held by Atlantic Assets and South Yorkshire County Council Pension Fund since 1981.

Prontaprint was founded in 1971 by Edwin Thirwell, a North East businessman, who followed the classic entrepreneurial route by building a second fortune on the foundations laid by the sale of his first. He was the original Mr Whippy, the Ice Cream King and sold out to Forte Holdings in 1968. He then took some time off in the West Indies before returning to the UK to cash in on the high street printing boom.

Instant print is an American concept, and Prontaprint claims to be the only British franchiser to have mastered the art and taken it abroad. Kall-Kwik and PIP were the first of the big names in Britain, and both began in the U.S. Thirwell, who started off in Newcastle and Middlesbrough, was unfazed by the opposition and had 12 shops by 1977. It was then that he switched to franchising, which he now regards as his business, rather than printing. He held on to one shop in Newcastle as a test bed for marketing schemes and new equipment and sold all the others to individual franchisees. By 1980, there were 100 shops in the chain, and the projected UK maximum is 500.

The idea is to provide, in a single location, facilities for high-speed printing of letterheads, business cards, brochures and the like, alongside photocopying, design and artwork services. Short runs at reasonable cost are the key.

Thirwell has now left the day-to-day running of the business to Richmond, and concentrates on international developments from his base in St Helier, Jersey.

Europe is seen as the biggest potential growth area. There are few major instant print chains on the Continent. A few local groupings exist, but Multi-Copy of the Netherlands, which had expanded throughout Europe, suffered a major reverse, losing a reported £½m in the UK alone in the mid-1970s.

Prontaprint now operates in France and West Germany and opened its doors in Belgium. Scandinavia is next. It believes it is working largely in virgin territory and is convinced that its expertise in franchising should reap benefits within a short time. From overseas locations, only about 3 per cent of net income is repatriated to the UK; the rest goes into promotion and expansion. In Britain, about half of the remit from shops is reinvested in this way.

The biggest overseas success so far is in South Africa, where Amalgamated Retail, a subsidiary of South African Brewers, is the master licensee. There are now 38 Prontaprint shops in the Republic, with more on the way. *Thirwell emphasises that* he is seeking to benefit businessmen of all colours and indeed says he is looking for an opening in Kenya.

The Republic of Ireland and Northern Ireland are seen as an interesting new market, under one manager, and Australia has two shops now with others in prospect.

Consultancy and joint ventures with existing retailers are seen by Thirwell and Richmond as the longer-term goal, with both men stressing the fact that Prontaprint is engaged in franchising, not printing.

A deal in Britain with a well-known chain of retail stores is about to be announced which should result in many of its 200 or so units being sold off to franchisees. Prontaprint acted as consultant and is expected to profit through a fee and royalties.

"I am confident," says Thirwell, "that people over the next five years will wake up to the fact that sales improve when the work is being done by the man who owns the shop."

TECHNOLOGY

EDITED BY ALAN CANE

ECONOMICAL APPROACH TO CLADDING

Hooked on granite

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

Mr Steve Green, managing director of Elemeta, on the prototype rig used to test his company's curtain walling systems. Two-storey sections of curtain wall, complete with walls and windows, can be erected on the test rig to check them for fit and watertightness, and allow the architect to see how the cladding looks outdoors under different light conditions

WHEN THE City of Westminster and the GLC's planners insisted on monumental granite cladding for a new office block, United Real Properties and the Crown Commissioners are building in Victoria Street opposite New Scotland Yard, the architect objected.

Granite would, he said, be far too expensive and take much longer to put up than the aesthetically glittery glass and aluminium walling he had specified.

Not so, said Mr Steve Green, managing director of Elemeta. Covering the building with granite using the curtain walling technique in which his company specialises will cut 40 weeks off the building time. It will also save the developers £250,000 on the cost of granite as compared with using more conventional methods of drilling it and then bolting it to the face of the building.

"But the biggest saving in using curtain walling is in the reduced finance costs and extra rental it makes possible because buildings are completed faster," he emphasised.

The reason for the spread of curtain walling — cladding the outside of buildings with factory-prepared panels of glass or stone hooked to a lattice fastened to the building's floors and structural framework —is not just the architectural vogue for the glossy glass-walled Dallas-style buildings it makes possible.

It is because "curtain walling is the fastest method of cladding a building and the best method of achieving a given insulation in the smallest depth," said Mr Green. "This gives a greater floor area than conventional techniques such as brickwork or using precast concrete cladding panels, and hence enhanced rental and a more valuable project."

The method of granite curtain walling to be used on the latest Victoria Street building will give an extra six inches of space all round each floor; an earlier contract Elemeta was involved in in Victoria Street, for cladding two office blocks by Westminster Cathedral, used a rather thicker cladding and saved three inches all round each floor.

On these two 12-storey blocks, this worked out at a total of *15,000 sq ft of extra space;* 7,500 sq ft for each block. In an area where rents run at anything up to £20 a sq ft, this saving means extra space worth up to £300,000 a year.

In the current development at 31-59 Victoria Street, it would have taken a total of 62 weeks to clad the building with granite and then put in the windows using conventional methods, said Mr Green: 52 weeks to bolt the granite to the building and then another 10 weeks to put in the windows.

Using curtain walling however, it takes a total 22 weeks on site to put up the granite walls and windows. "The time is reduced because we put the granite on finished panels — which include the window frames — in the factory while they are still digging the hole in the ground," said Mr Green.

Elemeta has developed a method of clamping granite panels to curtain wall grid which avoids the need for drilling and bolting. A slot is machined into the edge of the granite panels into which an aluminium frame is fastened. An angle bracket on the back of the aluminium frame which holds the granite panel then *simply hooks on to a cage on* the curtain wall frame on the front of the building.

ADVANCES IN BIOLOGICAL CONTROL

Pests face a 'natural' end

A BRITISH biotechnology company is spearheading development of a range of "natural" pesticides which could replace dangerous and polluting chemicals, particularly in the Third World.

Within a few weeks Microbial Resources Ltd expects to receive approval from the Environmental Protection Agency in the United States for an effective biological pesticide SKEETAL which controls mosquitoes carrying malaria and can kill the blackfly which causes river blindness, a devastating disease endemic in the Third World.

At the same time MRL is funding a wide-ranging programme of research in British institutions which will apply the latest biotechnology techniques to developing new microbial agents against cotton pests.

Skeetal is made by harvesting a bacterium Bacillus thuringiensis grown in fermenters. It contains live spores and the toxin of the naturally occurring bacterium. Skeetal works fast. It can kill within 24 hours, and its targets are a variety of mosquito larvae common in moist semi-tropical regions.

MRL expects to start marketing Skeetal early in the New Year in mosquito-infested areas in Florida, Louisianna and California, where water pollution from chemical pesticides could become a problem. MRL's chief Dr Stephen Lisansky, says that "the key area after the United States will be the Far East."

Although microbial pesticides contain live micro-organisms they can be stored on the shelf before spraying in the air or applying to the soil. Their extreme specificity, and the degradability makes them attractive for use in ecologically sensitive areas such as forestry plantations.

When MRL was formed in September, it acquired the microbial interests of Tate and Lyle, which includes five products already on the market. These are among the first crop protection agents based in micro-organisms to be registered for use in the UK. In addition to Skeetal and Biobit, another bacterial pesticide, MRL sells two fungal preparations which control aphids and whitefly in glasshouses, and a viral product used to kill pine sawfly in forestry plantations.

Biological pesticides are not new: commercial products for controlling caterpillars made from Bacillus thuringiensis were commercially available as long ago as 1938. However, industrial interest in microbial pesticides waned with the astounding success of chemical pesticides, and persistent technical difficulties with microbials in the field, which perhaps only biotechnology will be able to solve.

Consequently, agrobiologicals take only a small share of the almost $13bn pesticide market, with the United States accounting for 50 per cent. The European market amounts to a minuscule £5m. However, as resistance in insects to common pesticides such as DDT rises amidst renewed fears of environmental pollution scientists are once again focusing on natural alternatives.

The major technical hurdle remains stability. ICI's Plant Protection Division abandoned its investigations into viral control of insects because the virus was too easily destroyed by ultraviolet light. But a spokesman says "that is not to say we would not return to this area if there were significant developments in the science and technology."

Lisansky admits that the "formulation and delivery has not been done for biologicals" as it has for chemicals. An even more fundamental problem, he thinks, is the "weakness of the underlying science in microbial pesticides."

So MRL is extending the pioneering research done at Tate and Lyle and supporting work at centres such as the Centre for Applied Microbiology Research, Porton Down, studying the fundamental biology of these microbial agents, and the genetic control of their mode of action. Eventually, MRL scientists hope to improve their current products by, say, eliminating Bacillus thuringiensis's sensitivity to ultra-violet light, through genetic manipulation.

All the current preparations are based on naturally occurring micro-organisms and Lisansky believes that only a fraction of the potentially useful ones have been identified.

There are over 400 species of fungus alone which attack insect pests and mites, waiting to be exploited either by natural selection or by cross-breeding using biotechnology. At Queen Elizabeth College MRL-sponsored researchers are creating new varieties of fungi by fusing the cells of different types. These may be less dependent on high humidity and moderate temperatures, and able to live in drier, more extreme environments.

STEPHANIE YANCHINSKI

LIGHT AT THE END OF WELSH TEST TUBES

Worms and fish contribute to blood screening

BIOTECHNOLOGY IS used diagnostically at the University of Wales College of Medicine, Cardiff, in immunoassay techniques used to measure proteins and hormones in blood. Traditionally radioactive iodine was used as the measuring agent, but this process had two drawbacks. It would only last a matter of weeks and the measuring process was cumbersome requiring a range of test tubes.

However, Dr Tony Campbell and Dr Stuart Woodhead of the department of Biochemistry have succeeded in bypassing this procedure. By using light producing molecules obtained from glow worms and luminescent fish instead of the radioactive iodine the entire assay can be contained in one test tube. Diagnosing thyroid trouble for example by means of blood samples becomes much easier. Although the process remains at the developmental stage at present, it's also being considered for use during neonatal screening.

The College recognises the marketable potential of this technique and a holding company, Welsh Medical Enterprises, has been formed to co-ordinate marketing and patenting. It now holds over 20 patents and has established two Biotechnology subsidiaries. Bioanalysis sells the new immunoassay technique in kit form for general use while BRS Enterprises specialises in adapting the technique for thyroid diagnosis. At present the kits are being sold to clinical institutes. The potential, however, is much wider. The turnover for thyroid assay using traditional means is $500m in Western Europe alone.

The College is also investigating the surgical applications of biotechnology. Carbon fibre research is being used to treat damaged joints during orthopaedic surgery and biotech methods of preserving tissue grafts are also being assessed.

Energy

Induction saves electricity

ANNEALING metals is an energy consuming business. IMI Yorkshire Imperial has installed a system under the Government's Energy Efficiency Demonstration Scheme which will use 36 per cent less electricity.

The annealing system replaces an electrically heated roller hearth with an electromagnetic induction system. The electromagnetic system is smaller and is used in a continuous process for annealing 15 mm diameter copper tube.

The equipment has been supplied by ASEA of Sweden. The induction heater consists of a heating coil plus a cooling system which cools the copper tube as it leaves the *heating zone.*

Electromagnetic induction moted by the Energy Technology Support Unit at Harwell, which it believe could be applied on a smaller scale in the ferrous and non-ferrous metal industries.

The Electricity Council's research centre at Capenhurst has developed a multi-layer induction coil which is more efficient than single layer versions. A prototype was developed operating at 1 MW which was used to anneal aluminium billets. The technique has since been licenced to Banyard Metalheat to make the equipment. Several projects are underway using multi-layer coils including one at Alcan Extrusion in Banbury and at Delta (Manganese Bronze) in Ipswich where billets of various copper alloys are heat treated.

Software

Production control

LINEMASTER, a software package from Triad Computing Services of London (01-831 7211, runs on the PDP 11 range of computers and allows production line management by monitoring a wide range of programmable logic controllers and other devices with embedded microprocessors.

Communication with such controllers enables Linemaster to monitor production and produce overall control via screen and keyboard.

Standard facilities include automatic alarm and event logging, recording of plant variables and production data archiving. *More importantly,* the system's internal representation of plant status and activity provides a ready framework for the addition of transaction facilities, report generation and displays.

Linemaster supports colour and monochrome graphics, allowing clear display of mimic diagrams and similar material.

Surface mounting

THE MOVE towards surface mounting of electronic components—that is, the mounting of encapsulated silicon chips directly on the surface of printed circuit boards rather than by means of leads and plated through holes, is gathering pace.

GE Intersil, for example, has announced that a surface mountable version of its CMOS voltage converter, the ICL7660CBA, is now in full production. These chips are used in data acquisition and in microprocessor based systems to perform supply voltage conversion.

Surface mounting, which means smaller, more powerful circuitry, is seen as a major trend in microelectronics. More from Intersil on 0256 57361.




Left to right: Edita Gruberova and Agnes Baltsa in "Capuleti e Montecchi;" Gwyneth Jones and Placido Domingo in "Turandot';; Luciano Pavarotti in "Aida;" and Kiri te Kanawa in "Der Rosenkavalier," all at the Royal Opera House

Opera in 1984: Points of light in the gloom

The Glyndebourne Festival Opera opened its doors on May 28 1934, with a performance of *Le nozze di Figaro;* exactly 50 years later, on May 28 1984, it was *Figaro* again to provide the start to the anniversary season. At its best, opera at Glyndebourne *is* a reminder that one aspect (the most significant, in *my* own view) of the operatic ideal — the creation of a musically and dramatically unified ensemble — need not always remain what otherwise by default it so often seems to be, an impossible dream.

And so in any account of the operatic doings of 1984, celebration of Glyndebourne itself deserves to bulk large. The very survival of the festival is against all probability. Though it relies entirely on private funding, and always has done, no political dogma should be taken as either proved or disproved by the economic facts of that survival; the circumstances of Glyndebourne are too particular to serve as basis for theoretical generalities of any kind — except, perhaps, those concerning the enlightened English amateur.

The most effective standard for measuring the health of that survival (and also something of that improbability) is to note that in the last decade or so, arguably the most difficult period for an "expensive" medium like opera since the war, a pursuit of overall high standards has been maintained even, in some (not all) recent seasons, intensified. Obvious lapses, curiosities of casting, even (in the view of certain parties) misjudgments of repertory choice can easily be pointed to, yet the experience of an authentic Glyndebourne performance is of a kind to make all that irrelevant, to reduce the house and the gardens and the clothes and the picnics to distant insignificance. Hall's own description of what he loves about opera — "an evening which has been scrutinised, and is careful, and where the meaning quotient is high throughout . . . (where it's seamless, it's really been worked, and people really are a team" — can legitimately be borowed to describe a Glyndebourne evening at its best.

The jubilee season proved, in fact, not quite the vintage one that must have been hoped for. But at least one of the great seamless, scrutinised Glyndebourne evenings was on offer during it (and possibly two: I missed that first series of *Figaro*, widely praised, and found the second unformed, under-rehearsed, and by Gustav Kuhn no more than efficiently conducted). Britten's *Midsummer Night's Dream,* which Haitink, Hall, and designer John Bury had rendered so glisteningly bautiful in 1981, returned with a more equally matched cast and with Haitink an even more perceptive conductor; it managed to present one of Britten's trickier creations as though it were a flawless masterpiece.

It was fortunate that the festival should close with a Hall triumph, for it had opened with his new production of*L'incoronazione di Poppea*, which was a good deal less than that. Raymond Leppard's tricked-out, tampered-with Monteverdi edition was the first and greatest stumbling block.

Sir Peter's espousal of Leppard's opera (which is what we really must call so rejigged and rescored a version of Monteverdi's) was a said disappointment after his illuminatingly purist readings of Mozart, and his staging, at once heavy and garish, provided an all too successful dramtic equivalent of the Leppardization in the pit.

Cosi fan tutte was another Mozart revival not quite up to scratch on first night, though Claudio Desderi's furiously misogynist Alfonso (a remarkable portrayal that upset the balance of the action), Jane Berbié's maturely cynical Despina, and a gloriously ample and vibrant voicing of Fiordiligi's music by Carol Vaness were among its obvious rewards. Strauss's *Arabella*, produced by John Cox, conducted by Haitink, was the second novelty of the festival; generally enjoyable, it too was less than ideally cast, and I imagine the whole show will come more certainly into its own in future seasons.

Away from the Glyndebourne half-century the other outstanding feature of the year was the penetration by Janacek of the British operatic repertory, to a degree unimaginable even ten years ago, when the composer was starting to win wider public enthusiasm. There were revivals of high quality of *Jenufa* and *From the House of the Dead* (by the Welsh National Opera), *The Cunning Little Vixen* (Opera North) and *The Makropulos Case* (English National Opera). All of this is now normay fare, and would hardly call for comment; but what brought home Janacek's current standing was the outstanding success hte ENO had

Philip Langridge in the ENO's "Osud"

with the first ever production outside Czechoslovakia of *Osud*, supposedly the *terra persa* of his mature operas.

Advance encounters with the work had suggested the range of Janacek's wonderful music but also the unworkability of his dramaturgy. The ENO banished preconception. The plot hay have its confusing moments, and loose ends may peep out all over the place, but Rodney Blumer's translation, Mark Elder's ardent inspiration of orchestra and chorus, the passion and intelligence of Philip Langride in the leading role, Stefanos Lazaridis as designer, and above all David Pountney's production all come together to unleash an experience of immense power, rapturous, vigorous, and profoundly moving.

I long to see and hear this *Osud* again (but next time, please a more apt companion-pieces for a short opera than Weill's *Mahagonny Songs*, as dismally staged by Keith Hack). Altogether, the ENO had a good year. The search for adventure continues, but (at the time of writing, at least, when the new self-proclaimedly "angry" Chaikovsky *Mazeppa* had not yet been shown) without the descent into aberration that has sometimes been its conclusion. We no longer expect safe and certain revisitations of masterpieces; both the stimulating and the unsatisfying aspects of the determined ENO "stance" were made clear in the new *Mastersingers* (in which Moshinsky-Elder proved a much less elevating, though occasionally more interesting, team than Goodall-Byam-Shaw-Blatchley of hallowed memory) and *Butterfly* (in which Graham Vick's "new look" was a liability as well as an act of fresh imagination).

The Verdi *Sicilian Vespers* production borrowed from Paris was, I thought, too politely treated (it was idspiritingly dull and unvaried to look at) and its tenor, Kenneth Collins, somewhat underpraised (at a performance later in the run his honest, ringing vocal address did most to liven a long evening). Revivals of *The Turn of the Screw, Patience*, and *Gloriana*, afterwards taken on the ENO's brave (and, it transpires, economically foolhardy) U.S. tour, showed the merits of this company that on recent occasion been allowed to become overshadowed in the search for production *frisson:* solid ensemble teamwork with plenty of room for bright expressions of individuality — Derek Hammond - Stroud's Bunthorne was an unstaled joy, Jill Gomez's Governess remains a piercing, poignant memory.

The *Rosenkavier* trio of Barstow as an unusually taut and toroubled Marschallin, Burgess, and Anne Dawson (a lovely debut as Sophie) was distinctive in balance and contrast, more interesting if vocally less glamorous than the assembly provided a few months later at Another Place. Rough, ill-prepared evenings seemed relatively few; *The Flying Dutchman* was one of them. I continue to wonder why certain former company singers are excluded from ENO invitation; I still cannot understand the guest-conductor policy instated by Mr Elder—though a John Mauceri (expansively lyrical *Butterfly* conductor) will always be welcome, the *Traviata, Dutchman*, and *Manon* visitors could without difficulty have been improved upon locally. And, in the "new look" ENO, with its roster of teen-genius producers, is there really no longer room for a senior master of craft such as Anthony Besch?

The WNO had a no less impressive year, hardly much more troubled by aberration—though others, who enjoyed Andrei Serban's highly self-conscious Art Deco *Merry Widow* less than I did, and who respected Ruth Berghaus's myserious neo-surrealist *Don Giovanni* with the score crisply drilled by Charles Mackerras less, may well rate the second point differently. The *Valkyrie* gave another example of Reginald Goodall's endlessly self - renewing Wagnerian authority, so compelling as almost to blot from mind Goran Jarvefelt's uncertain staging or the not-quite-adequate Wagner voices on display. The new *Boheme*, genuinely fresh without straining too much to be so, showed Jra vltoeefn -suHt so, showed Jarvefelt on much more natural territory. In the same week that the company played Martinu's *Greek Passion* and *House of the Dead* in London, ENO performances of *Makropulos* and Dvorak's *Rusalka* could also be collected: a splendid, unparalleled succession of Slavonic opera.

My single visit to Opera North was for Gluck's *Orpheus*—musically sound, and in the case of Felicity Palmer's hero more than that, dramatically as much of an arty, confused mess as Philip Prowse's handsome sets would allow. Scottish Opera, also on a single visit, afforded the unrivalled candidate for Disaster of the Year: Tony Palmer's rubbishing of *Turandot* under the self-deluding pretence of meshing Puccini's biography and creativity into an act of illumination. The only questions to be asked were, how was this monumental nonsense allowed to happen? And how was the genuine Puccinian artistry of Alexander Gibson, Marie Slorach and Ludmila Andrew allowed to go so comprehensively to waste? Opera 80 was reprieved from the absurd Arts Council sentence of financial starvation; an attractive, intelligent chamber - style modernisation of *La traviata*, with Bronwen Mills its ideal heroine, showed why the rescue was essential.

Other forays took me to Bracknell for the inauguration of the Opera Factory London Sinfonietta team-up, whose slimmed-down Tippett *Knot Garden* inspired enthusiasm, but whose *Calisto* mingled interest with irritation—some of the jinks were wearyingly low. Buxton opened a "Greek Revival" Festival with a real *coup*—the original Cherubini *Médée* with spoken dialogue, demonstrated here (despite many weaknesses) as a masterpiece from a crucial point in operatic history. Rosalind Plowright, whose propulsion into the international stratosphere one views with a little apprehension, gave a confident, at times very beautiful account of one of the cruellest of all soprano parts, albeit in very unpolished French. The English Bach Festival, reduced in range of activities but still a fount of lively ideas, gave in the Banqueting Hall a delightful performance of Handel's *Alceste*—not a real opera, but a Handel arrangement skilfully dramatised.

Aldeburgh's *Owen Wingrave* by the Britten-Pears School, judged as festival fare, or even as student opera, was a wash-out. So, I thought, was the Peter Maxwell Davies *sci-disant* popular entertainment *The No 11 Bus*, at least as staged by Fires of London at the Elizabeth Hall. appier South Bank souvenirs were left by the Summer Music presentation, by Academy of Ancient Music, of the Locke - Gibbons - Shirley *Cupid and Death*; and by Knussen's *Where the Wild Things*, given by Glyndebourne at the Lyttelton Theatre — it is a children's opera bound, I'm convinced, for classic status. The status of Aulis Sallinen's new opera, *The King Goes Forth to France*, is not yet agreed on; after two encounters with it at the Savonlinna Festival, I felt sure, and feel so still, that Finland's leading opera composer has produced a work of startling originality, a picaresque, fantastic comedy ebullient on the surface and black at its core. It comes, we have been assured, to Covent Garden in 1987.

And so, gentle reader, to the matter of our beloved, benighted Royal Opera itself. The tradition of hand-wringing, established here annually, over the wildly fluctuating standards at the House, over oddities of casting and repertory choice, over the general air of artistic torpor, will this year be honoured mainly in the breach. In 1984 there were more new productions, denoting a lesser degree of penury, than in 1983; there was a new chorus master, Peter Burian, and the prospect of Eva Wagner-Pasquier as opera administrator; otherwise things were very much as before.

So let us recall only in passing, and with the mildest possible regret, the vacuous new *Chénier*, the ludicrous new *Aida*, the inept and tedious new *Tannhäuser*, the misbegotten revivals of *Cosi, Don Giovanni*, and *Fledermaus*; let us avoid wondering out loud why certain singers and conductors were deemed worthy of engagement; and let us ponder instead the good things that 1984 undoubtedly brought also to Coven Garden.

One was Bellini's *Capuleti e Montecchi*—of the excess of second-rank works added to the repertory last season it was the one whose qualities, as indicated by Riccardo Muti as conductor and Baltsa and Gruberova as Romeo and Juliet, most deserved insisting upon. The brilliantly colourful and inventive new *Turandot* produced by Serban, with Colin Davis in the pit and Gwyneth Jones and Domingo electrifying on stage, was another; indeed, I've never enjoyed the whole opera so much before. (The excitement survived the mid-run arrival of a less gripping heroine, the huge-voiced Ghena Dimitrova, and hero, Ernesto Veronelli.) I found more to relish in the new *Rosenkavalier* than many of my colleagues; it was a particular pleasure to be able to salute a Solti opera performance so freely.

There were promising revivals, somewhat spotted by under-rehearsal on opening night, of Britten's *Dream, Carmen*, and *Tosca* (the arrival of Mara Zampieri on the London scene was very happy). Geraint Evans retired, gracefully, after a final round of *Don Pasquale*. I remember with warmth the expert *Wozzeck* conducting of Christoph von Dohnanyi and inimitably wrenching Marie of his wife, Anja Silja, with José van Dam eloquently underplaying the title role; also Colin Davis's scintillating account of *Falstaff* (after Giulini's "autumnal" performances, his playing of Verdi's opera as a *comedy* was tonic). Thomas Allen's first London Ford and first-ever Wolfram were performances of notable distinction, the latter a particular point of light amid the prevailing gloom. "Gloom": alas, the word cannot be kept out of any Covent Gooden consideration indefinitely. . . .

Max Loppert

A scene from the WNO's "Don Giovanni"

Beyond expectations

I saw almost no opera abroad this year, and even lost touch with the Welsh National Opera; thus disabled, I can give only a fragmentary report. Out-of-town first: the Edinburgh Festival chose to present Menotti's *The Telephone* and *The Medium* in Washington Opera productions: barely worth doing, but excellently done. At the Wexford Festival we had a simple, faithful, boring realisation of Smetana's *The Kiss;* a production of Cimarosa's *Le Astuzie Femminili* — stylishly sung and conducted — that betrayed a total mistrust of the piece itself, and sought to make up its "deficiencies" with anachronistic japery; and Massenet's *Le Jongleur de Noire Dame,* with its pious theatre-of-embarrassement handled so neatly and sympathetically by the producer Stefan Janski as to be altogether disarming.

In Stockholm, or more precisely at the old royal seat of Drottningholm which Arnold Ostman has made the centre for "period" Mozart opera, I saw *Cosi fan tutte*. By the time I got there, the carefully stylised production had been invaded by a new international cast, engaged for the recording, and the result was a delightful mish-mash: quaintly imaginative "period" manners in Ostman's chamber-orchestra, against shamelessly indulgent modern playing—each for himself, or herself—by the cast. Given Alicia Nafé's disgracefully vivid Dorabella, Tom Krause's super-communicative Guglielmo and Carlos Feller's comfortably ripe Alfonso, it would have been stupid to complain.

At Glyndebourne I saw only the revival of Peter Hall's *Figaro*, not very funny but extraordinarily gripping. It took its natural focus from the Figaro of Claudio Desderi, a baleful instrument of pure sexual jealousy from the start, by whom everybody else was oriented—Gianna Rolandi's placidly sluttish Susanna, Richard Stilwell's lazy, preening Count, Isobel Buchanan's neurotic Countess. The opera became a revenge-drama of almost Jacobean violence. At Buxton the meritorious revival of Cherubini's *Medea*—the original, not the hacked-about rewrite used by Callas and everybody else—was slightly foxed by a production that pursued different, modern ideals (*à la* David Freeman), and conducting that softened Cherubini's hard, angular diction. Cavalli's *Giasone* was made into a sophisticated modern confection, a toothsome meringue that was probably a fair equivalent of Cavalli's original entertainment.

To widespread satisfaction, the Royal Opera let Jean-Pierre Ponnelle give us a Verdi *Aida* that exemplified everybody's nightmares about wilful producers. The guts of the opera were cleanly removed, leaving the best-intentioned principals—Pavarotti, Burchuladze, Wixell as Amonasro and Stefania Tocynska as a perceptibly promising Amneris—to gesticulate in a dramatic void. And yet this same Royal Opera revived its Verdi *Falstaff* (in Ronald Eyre's production) pungently and vitally, led by Rolando Panerai's ripe hero and lustily supported by all the other singers—too numerous to mention—and the conductor Colin Davis: an evening of burnished delights.

Their *Wozzeck* revival was no less impressive, with Berg's rich score made passionately articulate by Christopher von Dohnányi for a dedicated cast; Willy Decker, the producer whose Drottningholm *Cosi* was sabotaged by the V.I.P. singers, had respected the Royal Opera budget-worries by devising a new, cogent staging within the fine old Caspar Neher sets. The *Tannhäuser* revival came off much worse; its only sparks of dramatic life were emitted by Gwyneth Jones.

From English National Opera productions I remember Ann Murray's delectable, volatile Rosina outclassing her partners in a dim Rossini *Barber of Seville*, and Nelly Miricioiu's sweetly dignified Violetta matched with Arthur Davies's sensitive Alfredo, and in Massenet's *Manon* a greenstick heroine—Frances Ginzer, full of promise nonetheless—against Anthony Rolfe Johnson's cultivated hero.

The operatic fringe offered still more. The Camden Festival gave us the early Delius *Margot la Rouge* with a keenly committed cast, in an astute production by Robert Carsen. At Edinburgh Walter Weller excelled himself in an impassioned concert-performance of Bartok's *Duke Bluebeard's Castle*, indelibly sung by Fischer-Dieskau as the haunted hero with his wife Julia Varady as his wife. A Prom concert by Les Arts Florissants brought two short operas by Marc-Antoine Charpentier to palpitating life, and Radio 3 earned special gratitude by resuscitating Verdi's French *Gérusalem*, the forgotten re-drafting of his *I Lombardi*. Best of all was Tippett's *King Priam*—only its second production!—by Kent Opera, produced close to the bone by Nicholas Hytner, excitingly sung by a young cast and conducted superbly by Roger Norrington. One way and another, opera flourishes in Britain beyond anything we could rightly expect.

David Murray

The bad outweighed

Operatic experiences of sharply polarised quality this year, but the good decisively outweigh the bad. There is a further category — of those operas that may not be good theatre, but which for a vari sty of reasons one is glad to have seen. *Johnny strikes up* is precisely that kind of work; memory suggests I treated Krenek's music too kindly when I wrote about the British premiere at Leeds from Opera North; the production did all it could, but plot and music are such thin stuff that it can be allowed to lapse back into the obscurity of a footnote in the musical history of the 1920s.

For this listener at least I am afraid that *Osud* comes close to joining *Johnny*. Despite the critical admiration showered upon it and upon David Pountney's staging, and the undeniable power of some of the music, the plot and its layers of autobiography, real and imagined, are too cluttered to make a convincing spectacle. Others on this page think otherwise. Pountney's ability to work near wonders on plainer stuff was demonstrated by the ENO's revival of *Rusalka*, more than adequately conducted and sung but quite breathtakingly produced; it is not often that such a radical reworking of a scenario, Freudian in this case, contrives to be both dramatically compelling and visually beautiful.

Two other new productions made almost as strong an impression as *Rusalka:* I caught up with Welsh National Opera's *From the House of the Dead* (Pountney again) when it came to the Dominion and was rivetted, while Nicholas Hytner's *King Priam* for Kent opera completes the habilitation of what—I'll stick my neck out—will come to be regarded as Tippett's greatest stage work.

A pair of revivals at Covent Garden early in 1984 were memorable for their musical quality. The production of *Wozzeck* is well past pensionable age, but it was transcended by Christoph von Dohnanyi's account of the score, marvellously paced and unflinchingly delivered, José van Dam's beautifully toned Wozzeck—has anyone made these vocal lines sound more grateful?—and especially by Anja Silja's Marie, vocally tarnished but incomparably affecting. Any chance to experience Jon Vicker's Peter Grimes must now be taken even in a production whose detail is beginning to lose its sharpness, but its impact was doubly intensified by Bernard Haitink's most combative conducting, typically free of received opinion as to how this or that passage should go, but at the same time measuring the full weight of the score's climaxes.

Two *Don Giovannis* late in the year made an intriguing contrast. Welsh National's production by Ruth Berghaus continues to baffle as much as it haunts the memory; in retrospect its dramatic strengths—some of them perversely opposed to the sense of the text certainly—overshadowed both Charles Mackerras's conducting and the singers, save for William Shimmell's fiercely projected Giovanni. Into the drabsetting of Peter Wood's Covent Garden staging came Thomas Allen's justly celebrated Don, yet almost all interest was stifled by an apparent uncertainty over the intentions of the conductor, Arnold Ostman, who delivered a small-house account of teh score, and one not without its *apercus*, in a quite unsuitable auditorium.

A visit to Stockholm for the remarkable experience of seeing tow Maxwell Davies operas in one day elicited a drab, indifferently sung *Taverner*—raising serious doubts over the efficacy of the work on the stage in any guise—and an outstanding *Lighthouse*, dramatically convincing, and suspending any doubts about the work's subsetance for some time afterwards. But the music-theatre event that lingers longest was the result of a trip to the Battersea Arts Centre; the Bradford-based Big Bird Music Theatre brought to London its version of Harrison Birtwistle and Tony Harrison's Bow Down, and demonstrated what the original National Theatre premiere had hinted but not proved, that in this ritualistic fusion of traditional ballads is one of Birtwistle's most profound and characteristic creations.

Andrew Clements

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United front for Europe

IF THE New Year is a time for good resolutions, then there is certainly one resolution which Europe's political leaders should be making as 1984 gives way to 1985: that after a decade of stagnation and dissent, they will make a serious attempt to set the Community on a more dynamic course.

For too long the Community institutions have been an arena for petty internal bickering. It is now more necessary than ever to recognise that Europe may only have a declining future unless it forges a united response to the economic challenge from America and the Pacific, on the one hand, and to the uneasy manoeuvrings of the super-powers, on the other.

A united response may also be more possible than in previous years. It may not have seemed so at the time, but 1984 was rather a successful year for the Community, in the limited sense that it effectively disposed of a number of internal quarrels which had been casting a blight on the political scene for a decade.

The British Government at last secured satisfaction over its demand for a fairer budgetary deal. The Ten agreed to increase the Community's financial resources, starting in 1986, but at the same time decided to impose more rigorous discipline on Community spending, starting immediately. The major obstacles to the admission of Spain and Portugal to full membership were finally swept away, and in this context the principle of restraints on surplus food production was extended to Mediterranean products as well as those of northern Europe.

It cannot, of course, be said that the Community therefore starts the New Year with a clean slate. It is one thing to make a tentative start on the control of excess farm output; quite a different time-scale will be needed before agriculture can be confined to a more modest and appropriate share of the Community budget.

The agreement in principle on budgetary discipline is a big step forward, but its implementation is likely to precipitate long-rumbling arguments, especially between the Council of Ministers and the Parliament. Nevertheless, there is a real sense in which the governments and the institutions of the Community are now free to give more of their attention to the way ahead.

If there is now a general recognition that Europe is in danger of being irrevocably left behind by more dynamic economies, there is also a consensus that the problem cannot be remedied at the Community level by leaving matters to the initiative of the ordinary Brussels machinery.

The reinvigoration of the European economy requires, first, a political agreement on the general priorities; second, a detailed programme of action; and third, a political understanding on decision-making rules to avoid the interminable deadlocks of the past.

These three principles are hinted at in the draft report of the Dooge committee, which is to be completed by the March summit. They are more consciously recognised in the preparatory work of the revived Monnet committee, which held its first publicised meeting just before Christmas and which is due to publish its programme of action in the spring. Since M Jacques Delors, the new President of the Commission, was actively associated with the revival of the Monnet group, it is likely that these ideas will be reflected in his inaugural address to the European Parliament on January 15.

Action

However, the essential ingredient of any relaunch of the Community will be the active diplomacy of the major governments. The successes of 1984 were largely attributable to the tireless personal involvement of President Mitterrand. If agreement can now coalesce on the proposition that the top priority for the future is the liberation of the internal market, this will bring an important political bonus: it will enable the British Government to demonstrate that it has an important contribution to make to the development of the Community.

To wait for a new programme of action until the spring or even the summer summit meeting may seem an unduly leisurely timetable. It is certainly vital that the Community sets its new course and resolves the ideological quarrel over majority voting well before the accession of Spain and Portugal. Yet the most important thing is for the member governments to reach political understandings before they get bogged down in technical negotiations. Only thus will they be able to set up plausible expectations within business and among the voters that the Community has a chance of a future that works.

Opec still survives—just

THE inconclusive outcome of last week's meeting of the Organisation of Petroleum Exporting Countries has presented the world with a dramatic possibility: Opec could lose its control over world oil prices. It must be realised, however, that the possibility of the oil cartel collapsing is still just that; it is by no means a certainty and the balance of probabilities must still be heavily weighted in favour of Opec's survival.

In the past few weeks, the members of Opec have faced two challenges. One was a life-and-death issue — limiting the cartel's output to below the level of demand in the world market. The other was of equally critical, but slightly less immediate importance — adjusting the pricing formulae for various grades of oil.

Opec's leaders, particularly Sheikh Yamani of Saudi Arabia, regarded output reduction as a higher priority than pricing for a reason which any economist could readily outline, but which Opec itself has been astonishingly slow to recognise over the past 10 years. No cartel can control prices directly; it can do so only by colluding to restrict output.

If the monitoring system now agreed by Opec succeeds, as intended, in limting the cartel's output to 16m barrels a day, the continuing disagreements over price differentials could recede into the background, at least for the time being. World-wide demand for Opec's oil in the winter months ahead is likely to exceed 16m b/d and with oil companies' stocks at 11-year lows, the downward pressure on prices should temporarily abate if all Opec members fulfill their pledges to keep within production ceilings.

In the longer term, however, the disunity on pricing looks ominous from Opec's standpoint; for it suggests that the recognition of market realities is still very limited, particularly among the politicians and kings who ultimately determine oil marketing decisions

Two highly irrational aspects of Opec's price fixing in particular point to this conclusion. An apparent obsession with the dollar price of oil, at a time when the U.S. currency is soaring against all others, has led to an unintended price hike and a corresponding weakening of demand in Opec's most important markets, which are Europe and Japan. Second, the Saudis' unaccountable determination to maintain the price advantage of their heavy crudes, despite the fact that the kingdom's output is in any case constrained by production ceilings, rather than market demand, seems destined to put maximum pressure on the weakest link in the Opec chain—Nigeria.

Paradoxes

If Opec fails to reconcile these and other paradoxes in its own behaviour in the near future, market forces will eventually do the work for it. If a genuinely competitive market in oil takes over from the present cartelised structure, there is no reason why the price should stop falling at any particular point—at least until it reaches the marginal cost of production in the world's most expensive fields; and even in the deep North Sea fields, production costs run below $20

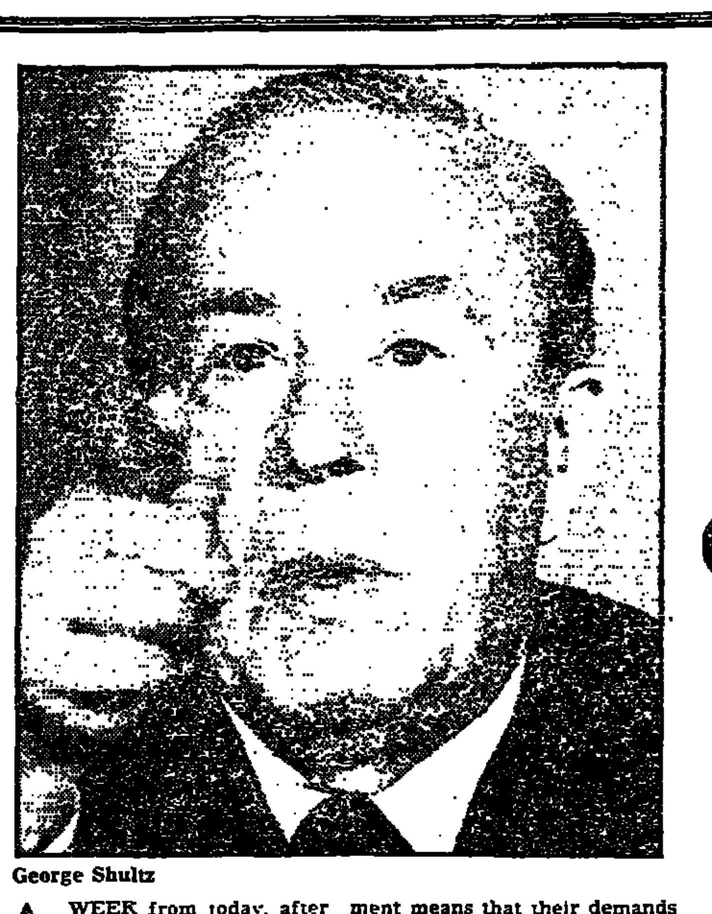
For the world economy as a whole, such a fall in the oil price could have momentous, and positive, implications. It could reduce inflationary pressures, lower interest rates and lift a major constraint on the long-term growth of economic output. Even a major oil exporter like Britain could probably turn a decline in oil prices to the advantage of its non-oil economy through appropriate monetary, fiscal and exchange rate policies. However, it would be a complex task in practice to turn the theoretical benefits of lower oil prices into positive, concrete results. There would be wrenching financial and industrial restructuring and adjustment to a world of lower oil prices would be greatly facilitated if the decline was a gradual one.

While a sharp fall in oil prices cannot yet be described as likely, the world would do well to start making contingency plans in case Opec decides to cut its own throat.

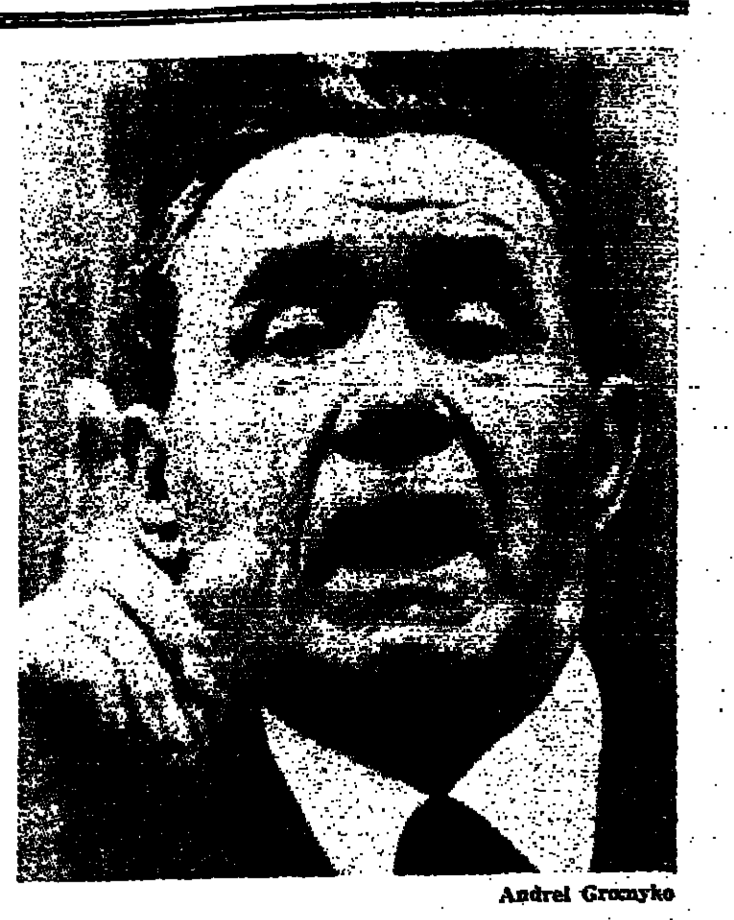
FOREIGN AFFAIRS

Arms talks: mischievous card Moscow may play

By Ian Davidson



George Shultz



Andrei Gromyko

A WEEK from today, after an interregnum of just over a year, the superpowers embark on a tentative resumption of arms control negotiations.

These will be tentative in at least two senses: there is no firm evidence that Moscow and Washington share common assumptions about what the negotiations are designed to achieve, or how; and there is plenty of evidence that the Reagan administration is as deeply divided on both these questions as it has always been.

As a result, it is commonly expected that the meeting in Geneva next Monday, between Mr George Shultz, U.S. Secretary of State, and Mr Andrei Gromyko, his Soviet counterpart, will only be the beginning ofa very long process. One Pentagon official known for his hawkish reservations about the general utility of arms control for American interests, has predicted that this process could last for the whole of President Reagan's second four-year term. Perhaps this means that he expects the process to be inconclusive, and hopes to ensure that it is.

For all we know, the debate in Washington could be mirrored, in different terms, by analogous arguments in the Kremlin. What is the value to the Soviet Union, in terms of security, of a new package deal limiting various kinds of offensive nuclear weapons, especially since the kind of deep cuts hitherto contemplated by the Americans could jeopardise existing Soviet procurement plans well into an uncertain future?

What concessions might Moscow have to make on its offensive arsenal, or on its plans for modernising that arsenal, in order to secure compensating concessions on President Reagan's defensive Star Wars programme, whose reliance on ultra-high technology would appear to give America the presumption of an edge, but whose practical applicability is at best highly uncertain, at worst several decades into the future?

American hawks worry about the difficulty of verifying, and enforcing compliance with, existing arms control agreements, and the helter-skelter pace of technological development means that their demands on the verification front in the new negotiations are likely to be correspondingly more stringent; can the Soviet Union, with its structural penchant for domestic secrecy, concede verification methods which might be uncomfortably intrusive?

Since most questions about arms control are intrinsically difficult to answer, we should not assume that Moscow has monolithically confident answers to any of them from the word go. But there is one assumption that it would be prudent to make: that these negotiations, ardently desired in the West, may well be exploited in public by Moscow for any diplomatic advantage, and may run a serious risk of becoming a dangerous two-edged sword in the context of European-American relations.

This danger may be all the greater because the hopes of West European governments may be focused on a rather different set of priorities from those of their electorates. In the popular view, the purpose of arms control negotiations is to limit, or if possible reduce, the numbers of offensive weapons, and that is likely to remain the yardstick by which European electorates are likely to judge the new negotiations. Their governments, by contrast, are likely to set higher value on the limitation of defensive or space-based weapons.

Tradition of discretion may be undermined

From this point of view, the abortive Euro-missile negotiations on the new cruise and Pershing II weapons may prove in retrospect to have been an unhappy watershed in the brief history of arms control. In the Nato shorthand, the Euro-missile programme was seen as a "twin-track" affair; negotiations and/or deployment. This was an inherently ambiguous posture because it left uncertain which track was the more important to Nato: did the Alliance need (some of) the new weapons in any case, either as a counter-balance to the new Soviet SS 20 missiles pointing at Europe, or as a political symbol of the nuclear link between Europe and America, or did it merely need to use them as a bargaining chip with the Russians?

The Soviet Union took advantage of the western ambiguity with a twin-track response of its own: the semblance of negotiations with the Americans, agitprop vis-à-vis public opinion in Europe.

During the Geneva talks, the Russians pulled out every propaganda stop to mobilise the Europeans against the new U.S. missiles. In the event, they failed to prevent the deployments which are now proceeding in Britain, Germany and Italy; but their propaganda did help to break the defence consensus in Germany, and it has strengthened the opposition to deployment in Belgium and the Netherlands. Soviet agitprop was not a complete success, but it was far from a complete failure.

Previous arms control talks had been conducted by both superpowers with considerable discretion about what was said at the negotiating table. Indeed, in the first Salt talks in 1969-72, most of the real business was done in a back channel of which the official negotiators, at least on the U.S. side, knew little or nothing. This tradition of discretion may have been fatally undermined by the experience of the Euro-missile talks, and by the opportunities or mischief-making which they offered to Moscow.

The opportunities and potential advantages of mischief-making may not be as immediately obvious this time round. The Soviet leadership had no real incentive for negotiating seriously with the U.S. over Euro-missiles so long as it hoped to get a better result through agitprop, and no incentive to conclude a deal which would sanctify in advance the stationing in Europe of land-based missiles capable of striking Soviet territory, especially since the planned U.S. deployment was so much smaller (as it turned out) than the planned Soviet deployment of SS 20s.

By contrast, the Russians do now seem quite interested in negotiations, for a variety of possible motives.

From the political point of view, they probably do not care to be treated as lepers by the Americans, and would prefer some symbolic recognition that the two superpowers do have business they can conduct as equals.

From the military point of view, they are obviously keen to secure restraints on the American space weapons programme, just in case it should one day turn out to undermine the credibility of their own nuclear arsenal. They know that their walk-out from Geneva has undermined their plausibility as propagandists for peace.

And since the American space weapons programme is not one which can be blocked by European parliaments or European demonstrators, it does not offer an immediately fruitful opening for Soviet agitprop in Europe.

The resumption of negotiations in Geneva may change all that, for it may then become possible for the Russians either to represent the Americans as the obstacles to arms control and the threat to peace, or to use the negotiations to set the Europeans against their American ally, or both. Even if the Russians are genuinely interested in a possible arms control deal with the U.S., it would be surprising if they did not, after an exploratory phase, also seek to exploit whatever chinks in western solidarity they can either create or magnify.

Moreover, they are likely to make mischief, not just in order to improve their bargaining position vis-à-vis the U.S., but for its own sake. From Moscow's point of view, any disarray that can be set up in the Atlantic Alliance may be a more valuable prize than an agreement limiting space technology whose military significance is still largely speculative.

This is one of the lamentable lessons of the Nato twin-track decision on Euro-missiles. From that moment in 1979, the Europeans became for the first time more than spectators, though less than fully-fledged participants, in the arms control process; and it is not a process in which the Europeans and the Americans necessarily have identical interests—even if the Americans had a stable and coherent view of what their interests really are.

For the purpose of the Euro-missile talks, the Alliance established a regular system of consultation—known as the Special Consultative Group—so as to ensure that the American negotiators and the European nations they were trying to protect did not get too far out of step. This may prove to be the thin end of the wedge, a precedent allowing the Europeans to get some formal representation in the new negotiations even, perhaps, on issues where direct European interests are apparently tenuous.

If the exploratory "umbrella" talks starting next week lead to the resuscitation of negotiations on Euro-missiles, either as an ostensibly distinct issue or as part of a larger agenda on different types of offensive weapons, the Europeans will expect again to have some representation. In that case, it would be quite plausible for the Russians to offer specious concessions to the Europeans in order to extract real concessions from the Americans, on strategic nuclear weapons or on Star Wars; or vice versa.

Missile defence goes down well with U.S. voters

The opportunities for Moscow to play both ends against the middle could be endless.

The most obvious opportunity for Soviet splitting tactics will arise at the hinge between offensive and defensive weapons systems. The Americans want to limit what they see as a dangerous Soviet advantage in offensive missiles; the Russians have already made it clear that there can be no deal on offensive systems unless there is also a deal limiting (America's) space weapons.

European governments are hostile to the U.S. space weapon programme, first because they see that it could precipitate a wholly new order of destabilising arms race, and second because, if it were (against all the odds) to lead to an effective defence against Soviet ballistic missiles, then Europe would be left decoupled from the U.S. nuclear guarantee.

In addition, the British and French governments fear that a retaliatory Soviet programme of missile defences would effectively disarm their small national deterrents.

The trouble is that President Reagan appears to regard his Star Wars programme not as a bargaining chip, but as inherently desirable for its own sake: missile defence sounds appealing on TV, and it goes down well with U.S. voters.

During her recent visit to Camp David, Mrs Thatcher apparently secured President Reagan's endorsement of the crucial difference between research into, and deployment of, the Star Wars system; but she did not seem to have shaken his instinctive commitment to the idea of missile defence.

If this emerges more clearly as the negotiations progress, it will not be too difficult for the Russians to claim in their propaganda that the U.S. is making it impossible to reach a reasonable bargain on offensive nuclear weapons, by its refusal to place clamps on its Star Wars programme. The claim will be the more plausible because of the presence in the Administration of key figures who do not want an arms control agreement on offensive weapons, either.

In these circumstances, so far from getting excited at the resumption of arms talks, we should be wary lest they pave the way for a major bust-up in the Alliance.

The Russians may already have figured out that the negotiations offer them two alternative targets—an arms deal and/or a European-American quarrel—and they may have gone on to conclude that a further rift in Nato is more attainable and a greater prize.

Curbing the Star Wars programme is not all that urgent, since its testable application is many years ahead, and the next U.S. President may even be keen to limit it, spontaneously. But seeing how much damage has been caused to the trans-Atlantic relationship during President Reagan's first term, the Russians may be interested in exploring how much more can be achieved in his second.

Men and Matters

Borrie takes off

Sir Gordon Borrie, who as director general of Fair Trading was described at a CBI conference as "the most powerful man in British business" will tomorrow become even more powerful when new regulations come into force extending his remit to cover air transport.

His new powers will enable his officials at the Office of Fair Trading to get to grips with anti-competitive practices in the airline business during what looks likely to be his last full year in the job.

Artificially high fares on European routes, maintained by a cosy cabal of governments and airlines, are not likely to escape his attention.

Borrie, aged 53, has already let it be known in Whitehall that he does not want another five-year stint when his present term of office expires in mid-1986. He will be looking for a change. Before becoming the trading watchdog he was dean of Birmingham University's law department.

In the world of monopolies and mergers he has cut a dash with his well-tailored striped suits. And he has outlasted six trade secretaries so far.

His relations with the Victoria Street politicians have not always been easy, however. They sank to an all-time low during Lord Cockfield's spell as trade secretary, when Sir Gordon's views on whether particular mergers should be referred to the Monopolies Commission were overturned several times.

Since then relations have improved. Although last week's decision by Norman Tebbit to let the Carnation-Nestle merger through against Borrie's advice will not have got the new Fair Trading year off to a good start.

"I'd go home and let the New Year in if only I knew where to lay my hands on a piece of coal"

Thrown in

If you would like a £5m executive jet for nothing here's how to go about it. You consider buying a communications satellite from British Aerospace Dynamics group.

So keen was the company to clinch a recent deal with a U.S. broadcasting concern for two such satellites costing around £200m that it offered to throw in for free a BAE 125 aircraft, made by another division of the group.

That is the story according to executives at U.S Satellite Broadcasting, a company in St. Paul, Minnesota that aims to launch a satellite-TV service in 1988. At BAe the official line is that it never discusses the details of business deals—although internal sources say the story has the ring of truth.

Sadly for BAe the ruse did not pay off. The order went to another bidder, RCA of America. U.S. Satellite Broadcasting says that the British bid was technically excellent. But RCA won on price.

As a result BAe is still awaiting its first non-European order for a communications satellite—although it has plenty of satellite work in European Space Agency contracts.

But the future looks promising in the business. BAe is the front-runner in a two-horse race to build four satellites for Inmarsat, an international organisation that operates communications channels for ships. Inmarsat will decide on the contract (in which the other bidder is a consortium led by Marconi) early next year.

No news is . . .

As the year comes to a close, the Japanese are much like everybody else in looking back and voting on the most momentous events of the previous 12 months. The FT's Tokyo office has long been conscious of the fact that this has been a quiet year in Japan, certainly in comparison with 1983, but even it had no idea how unnewsworthy until it saw some of the lists the Japanese themselves have compiled.

For example, the Kyodo News Services rates as the fifth biggest domestic story of the year a fire in an underground cable station in Tokyo, the total impact of which was to deprive inhabitants of a wealthy borough of their phone services for a few days. This, incidentally, rated two notches higher than a real disaster, a mine fire in the southern island of Kyushu which took 83 lives — which tells something of the relative influences of Tokyo and Kyushu on the Japanese media.

Jiji Press, Kyodo's domestic competitor, is a bit less capital-oriented. But it still rates as the seventh hottest item the issue of a new series of banknotes (Kyodo rates this one sixth).

But don't hold your breath; Jiji ranks as sixth an item entitled "the new media era begins," and both put in the top 10 the creation of a new state educational council which, apart from being created, actually hasn't done anything yet.

On the sporting front, the Asahi Evening News considers the ninth biggest sports story of 1984 to be the "Japan-Singapore Asian Darts Championship" — whatever that was. It's tough enough to find a dart board in Japan.

Mind you, everybody agrees on the top Japanese story; it is "the man with 21 faces," which, in case you haven't heard, is the name of the extortion gang which is going round poisoning sweets.

Rare beast

The hunt is on for a new director general to take charge of the British Institute of Management—the largest body of its kind in the world with 75,000 individual members and nearly 7,000 subscribing organisations.

Leading the safari is Sir Peter Parker, chairman of the institute. According to him the head - hunters — Alexander Huges and Associates — are seeking a strange creature; a paragon of paradoxical virtue. BIM wants the roar of a lion (the voice of management) combined with the diffidence of a lamb, to handle so many differing views.

Parker also mentions such qualities as the stamina of a steeple-chaser, the skinniness of a jockey (to match the rewards for the post), and the sensitiveness of a rhinoceros (for handling public relations).

The present dg is Roy Close. He retires in March after nine years.

The BIM is looking for a man or woman in the "40s to 50s age bracket," and with a general management background—also, "innovative, persuasive, analytical, mature, self-confident, and willing to listen to others."

If you think you fill the job description as a "controlled schizophrenic who can keep Whitehall happy and unhappy." then Sir Peter would love to hear from you.

Observer

BASE LENDING RATES

A.B.N. Bank	9½%	C. Hoare & C. †	9½%
Allied Irish Bank	9½%	Hong Kong & Shanghai	9½%
Amro Bank	9½%	Johnson Matthey Bkrs	9½%
Henry Ansbacher	9½%	Knowsley & Co. Ltd	10½%
Armco Trust Ltd.	10½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	10 %
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	Mount Credit Corp. Ltd.	9½%
Bank of India	9½%	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit Bank of Mid. East	9½%	R. Raphael & Sons	9½%
■ Brown Shipley	9½%	P. S. Refson	9½%
CL Bank Nederland	9½%	Roxburghe Guarantee	10 %
Canada Perm'nt Trust	9½%	Royal Bk. of Scotland	9½%
Cayzer Ltd	9½%	Royal Trust Co. Canada	9½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	9½%
■ Charterhouse Japhet	9½%	Standard Chartered ‖	9½%
Choulartons	11 %	Trade Dev. Bank	9½%
Citibank NA	9½%	TCB	9½%
Citibank Savings ¶	10½%	Trustee Savings Bank	9½%
Cydesdae Bank	9½%	United Bank of Kuwait	9½%
C. E. Coates & Co. Ltd.	10½%	United Mizrahi Bank	9½%
Comm. Bk. N. East	9½%	Westpac Banking Corp.	9½%
Consolidated Credits	9½%	Whiteaway Laidlaw	10 %
Co-operative Bank *	9½%	Williams & Glyn's	9½%
The Cyprus Popular Bk	9½%	Wintrust Secs. Ltd.	9½%
Dunbar & Co. Ltd.	9½%	Yorkshire Bank	9½%
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		
■ Hill Samuel §	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.25%. 1 month 7.00%. Fixed rate 12 months £2,500 8.75%. £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¼%. £10,000 up to £50,000 7¼%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6½%.
‖ 21-day deposits over £1,000 7½%.
¶ Mortgage base rates.
§ Demand deposits 6%.

INDIA AFTER THE ELECTION

Rajiv's great responsibility

By John Elliott, South Asia Correspondent, in Delhi

THE TOTALLY unexpected and overwhelming landslide victory won at the age of 40 in India's general election by Mr Rajiv Gandhi reflects a national desire for unity and positive leadership. The population has been shattered by a year of violence and death that culminated in the assassination two months ago of Mrs Indira Gandhi, Mr Gandhi's mother and the former Prime Minister.

By obtaining around 400 of the 508 seats being contested in India's Lok Sabha Lower House, Mr Gandhi has not only won a great vote of confidence in what was basically a personal referendum.

He has also routed the opposition to a degree that many observers find worrying for a democracy. And he has received a mandate to continue the dynasty started during India's independence struggle by his grandfather, Mr Jawaharlal Nehru, the country's first Prime Minister. He inherits the leadership of the Congress Party which entered its 100th year last Friday.

The huge majority Mr Gandhi has won is seen here as imposing a great responsibility on him to continue with the best traditions of his grandfather's and mother's rule, while providing a more confident and positive style of government than his mother seemed able to achieve, especially in her later years.

"Mrs Gandhi's style was to let matters cook up and then, just as they were about to boil over, she'd douse them. I'm not sure Rajiv is going to approach matters in the same way," said one senior government official.

Mr Gandhi will disappoint many people if he does not swiftly try to improve the working of India's inefficient and often corrupt bureaucracy, changing the ways of government and easing the operation of economic and industrial controls. "You will see some changes in the system," he told reporters last week.

He will also be expected to use the authority and self-confidence that his parliamentary majority should give him to deal with the regional claims of the state of Punjab which lie at the heart of the Sikh disturbances.

In his election campaign Mr Gandhi successfully traded on the Sikh problem in the aftermath of his mother's assassination, and on border problems with Pakistan, to exploit fears that India's unity was threatened by internal and external forces. He blamed the opposition, often unfairly, for encouraging these forces and clearly won support for his argument that only his Congress I Party could be trusted to guard the unity and integrity of the country.

The threats to India's unity are part myth, part reality. But it has been easy to play on fears at the end of a year which saw hundreds of Sikhs and Hindus killed by midsummer in the Punjab, and over 1,000 Sikhs killed when the army stormed the Amritsar Golden Temple complex. There were also deaths in Hindu-Muslim riots in Bombay and Hyderabad.

Over 1,300 were killed in riots following Mrs Gandhi's death at the hands of two Sikh security guards. In addition, there were unsettled governments in surrounding countries, especially Sri Lanka, where hundreds have died this month.

Although of a different nature, the sudden death four weeks ago of over 2,000 people in Bhopal's gas tragedy compounded the shock of 1984's turmoil.

"In a way, in the election, we have given ourselves a sense of restoring normality at the end of the year, a purging of the violence of 1984," said a senior civil servant.

The task ahead for Mr

Mr Rajiv Gandhi, India's Prime Minister

Gandhi, who has no previous ministerial experience, is to govern the world's largest democracy with over 700m people. The majority live below the poverty line and about 40 per cent are illiterate. The divide between the rich and the poor, and between the urban middle class and poor villagers, is growing wider as industrialisation and Western consumerism increases, leaving the rural masses behind.

These economic disparities exacerbate the country's religious and ethnic divisions between 460m Hindus, 65m Muslims and 10m Sikhs. They are also increasing tensions between the country's regions and the central government located in New Delhi.

The fact that the two-year-old Telegu Desam Party, based solely in the southern state of Andhra Pradesh, has emerged as the biggest opposition party is specially significant. The party's total of 28 MPs is almost as large as the pre-election totals of 36 seats held by the Communist Party (Marxist) and the 33 seats held by the DMKP opposition combine led by Mr Charan Singh, which was routed.

In a less violent way than the Punjab, the vote in Andhra demonstrates the need for Mr Gandhi to tackle a major problem dodged by his mother, and establish a new balance of devolved power and authority between Delhi and the states. He said at the weekend that he would not try to topple opposition governments in the states, indicating that he might shun some of the rougher political activities of his mother.

There is, of course, no immediate risk of Andhra or any other state actively trying to break away from India, but a country with increasingly dissatisfied regions could become more difficult to govern.

The continuing Punjab crisis and the alienation of Sikhs following the army take-over of the Golden Temple and the assassination of Mrs Gandhi also put a question-mark over attitudes in the Punjab if a regional solution is not found.

Thousands of Sikhs fled from Delhi and other Hindu centres just before the election, fearing renewed Hindu attacks (which never came). Many Sikhs are trying to buy property and plots of land in the Punjab — their home state—in case they ever have to flee there, or in case a Sikh state is created. There are also reports of Sikhs in Delhi swapping businesses with Hindus in Amritsar and other Punjab cities.

These are frighteningly ominous and divisive omens and means that Mr Gandhi needs to adopt a more conciliatory approach towards Sikhs in general than he did in the election compaign when he was appealing (successfully) for votes from Hindus, not Sikhs.

Sikh activists in the Punjab (which was excluded from the polls for security reasons) have been calling for economic and political concessions, and Mr Gandhi seems likely to try to reach a settlement within a few months. While totally rejecting any form of separatism, he will make offers if he can find Sikh leaders who command broad respect as negotiators. But he will run the risk of Sikh extremists trying to undermine any initiative — as they did to his mother — by plunging the country back into the gloom and violence of 1984.

In international relations, Mr Gandhi said on Saturday that there would be few changes. India will stay a non-aligned country, dealing with both the Soviet Union and the U.S., although Mr Gandhi's personal interest in accelerating the electronic and other technological development means he will have to lean more heavily on the U.S. He would make his mark internationally if he improved relationships in South Asia.

His mother maintained a fractious relationship with most of India's south Asian neighbours, never letting them forget her country's dominance. She was personally antipathetic towards President Zia Ul-Haq of Pakistan who she dismissed as "a dictator." She failed to get on with President Jayewardene of Sri Lanka.

President Zia has put out several olive branches to Mr Gandhi who significantly said on Saturday: "President Zia was very positive but his subordinates have not been. We are just hopeful he will stand by what he has said." Yesterday President Zia said he looked forward "to working with your Excellency for the development of a mutually beneficial relationship."

On economic and industrial policy, Mr Gandhi is expected to expand on the liberalisation programme begun by his mother which started to run out of steam last year. He has inherited a strong economy in the short term and Indian industrialists and stockbrokers have reacted with euphoria to his landslide victory, assuming it heralds a new era of capitalist freedom and private sector expansion.

The main economic approach will emerge in the annual budget, due on February 28, and then in the country's seventh five-year plan for 1985-1990 which is about to be finalised.

But Mr Gandhi may not change as much as some people think. The Congress I manifesto is explicit about the role of the public sector as the "main instrument for stepping up the rate of industrialisation" and about a "commitment to socialism and planning."

The system of administering controls will, however, be rapidly streamlined and Mr Gandhi is pledged to try to reduce corruption and inefficiency. This week he will receive a civil servant's report recommending sweeping changes in trade policy, and many top bureaucrats seem ready for wide-ranging major reforms in many areas.

Although no-one says it openly, many businessmen feel that there was a need for a change of Prime Minister and that Mrs Gandhi was far past her best.

Indeed, her assassination may have achieved all she could ever have hoped for—her party has won a landslide victory and her son is crowned as her undisputed successor as Prime Minister. If she had lived, neither event might have happened.

LOK SABHA RESULTS

Seats declared:	500
Congress I	394
Telegu Desam	28
Communist Marxist (CPIM)	22
Janata	10
Communist (CPI)	6
Congress (S)	4
DMKP (Lok Dal)	3
Independent	4
Bharatya Janata (BJP)	2
Others	27
To be declared	8

Lombard

Social grumbles of the old year

By Samuel Brittan

FOR MOST of my career I have managed to avoid living out of a suitcase. But I do make a limited number of journeys and visits. Usually I thank my hosts for the aspects which have been successful. As for the aspects which have gone less well: a rather general message to hosts, hostesses, conference organisers and hotel managers in a column such as this may be the best way of communication.

My pet aversion is lunches and dinners where one is told to "sit where you like." This is a guaranteed way of making sure that one sits again and again with the people one already knows—fellow-Brits at international gatherings—and does not really get to know new people. Where one does know most of the guests all too well already, another phenomenon is often evident: people shifting shyly to avoid some people and be near others; but it is all done so furtively and clumsily that many end up sitting just where they most hoped not to be.

Needless to say I am not talking about gatherings of close friends. My experience, for what it is worth, is that at small private meals—even when taken round the kitchen table—hostesses take endless trouble to work out who should sit next to whom. It is at larger gatherings where such an effort would be most useful, that it is too rarely made. So far from showing free and easy informality it shows that somebody—usually somebody paid for the purpose—just could not be bothered.

Even if places have been allocated in the proper way, there is a further hazard. Suppose one is invited to lunch or dinner to meet the Duke of Omnium. The chances are that one will not sit anywhere near him and will have no more contact with the great man than a handshake at the beginning or end.

Of course, not everyone can sit next to the Duke. The correct procedure is for the host to tap his coffee cup at a certain stage, suggest that the conversation become general and then ask Omnium to say a few words. The Duke himself will normally be dying to do just that. But how often have I seen the correct thing fail to happen and the Duke go back disgruntled, his "few words" stuffed back into his pocket.

Let us suppose that it has been an "away" affair and one returns to the hotel. By then it will be dark, but usually the hotel room will be inadequately lit. Sometimes it will be sheer meanness in not supplying bulbs of adequate power.

But often there is another factor. Some postwar architectural handbook must have prescribed against over-head lighting; and second rate practitioners have unthinkingly followed suit. The result is that to get any kind of light at all, one has to put on a whole array of bed, desk, and free standing lamps; and even then the result may be inadequate. Is it old fashioned to long for the days when one could illuminate a room by pressing one or two switches by the entrance door?

Then there is usually a further irritation: the complete absence of hooks or anywhere on which one can put a hanger, lay out a jacket or dressing gown, or transfer items from the pocket of one garment to another without penetrating into the deep recesses of a clothes cupboard. (I seem to remember that there was once an edict in favour of flat surfaces among the pseudo-modernist movement.)

The crowning insult is to find hangers which break up into sections, only one of which can be removed. This is obviously an anti-theft device. We are talking however not of bargain price inns but of hotels where few people would stay for long on their own money.

Both the managements and the clients must be in a very bad way if their personal finances depend on stealing or stopping the theft of the few bits of wood, plastic or metal that make up even a complete one-piece hanger.

Is it surprising then that services such as the restored Venice-Simplon-Orient Express where decent standards of comfort and convenience, as well as attractive decor, can be taken for granted, enjoy such a vogue? No doubt nostalgia and sentimentality are part of the attraction. But there are very practical reasons for preferring a night on a high-standard old fashioned sleeper to a multi-star hotel with "all comforts and facilities" except the ones one really wants.

Letters to the Editor

UK tax reform

From Mr J. Griffiths

Sir, — When I was a young man there used to be an earned-income allowance which meant that wages and salaries were subject to less income tax than unearned income. I never met anyone who did not think this right and proper.

For many years now, however, we have had an earned income surcharge, commonly known as employees' national insurance contributions.

Michael Prowse, in his otherwise excellent article (December 21), unfortunately ignores this point. For a single rate of income tax to be equitable between all types and sizes of income it would be necessary to consolidate employees national insurance contributions with income tax.

This, incidentally, would substantially simplify payroll administration, particularly in smaller non-computerised firms.

J. D. Griffiths.
58 Liddell Drive,
Llandudno, Gwynedd

Dual resident companies

From Mr C. Daws

Sir,—The Inland Revenue's consultative document on dual resident companies proposes to deny such companies the benefit of UK tax relief if they are also eligible for U.S. tax relief. The UK Exchequer will no longer subsidise such companies by allowing them to make their losses available to the rest of their UK group in order to reduce the group's UK tax liabilities.

It is therefore rather surprising to read in your correspondence columns (December 17) the assertion that the proposals will benefit the U.S. Internal Revenue Service without any benefit to the UK Exchequer. One would normally expect that a Government which terminated a substantial tax relief would increase its revenue. The UK Government would only lose if the ending of the double dose of tax relief reduced significantly the volume of UK equity investments in the U.S. and the consequent benefit to the UK balance of payments of the subsequent dividend stream.

The surge in investments by UK multinationals in the U.S. was, I had previously understood, led by the market opportunities and the temporary weakness of the dollar in relation to its long term prospects. It is a dismal comment on the nation's business abilities if we are now to understand that it depended on an anomalous tax relief which virtually eliminated the cost of borrowing in order to finance those investments.

UK based multinationals have indeed been able to borrow for the purposes of overseas investment and claim UK tax relief by investing in equity rather than on long term loan account. Whether they will always choose to do so in the absence of U.S. tax relief being available for the same interest is open to doubt. Even with a UK corporation tax rate of 52 per cent, the real marginal rate for many UK groups has been much less, due to surplus advance corporation tax or tax losses: normal tax planning would then suggest that a U.S. investment be mainly on loan account rather than as share capital in order to set the interest against U.S. profits taxable at 46 per cent. The prospective reduction in the UK tax rate to 35 per cent will reinforce this strategy although further developments are promised by Mr Donald Regan's proposals to continue the game of leapfrog by lowering the U.S. rate to 33 per cent.

Whether the flow of dividends to the UK from the lightly-taxed U.S. subsidiaries, and the consequent generation of UK taxable income with little double tax credit to offset the tax liabilities, is adequate compensation to the UK Exchequer for the cost of having granted relief on the financing costs is a question on which I must defer to Mr Hayes' wider experience. One would, however, have thought that the certainty of further UK tax liabilities would discourage the remittance of dividends until sufficient U.S. tax was being paid to afford a reasonable measure of double tax credit.

Indeed, the whole UK system of taxing dividends from overseas would be a fairer target for criticism. By its assumption that the UK corporation tax rate is the ultimate criterion for taxability it implicitly overrides the systems of other governments and negates the efforts of UK multinationals to take advantage of the tax incentives on offer to their overseas subsidiaries, particularly in the U.S. where investment tax credits, accelerated tax depreciation and the LIFO basis of inventory valuation are very substantial incentives to investment in capital-intensive industry. Other Governments generally tax dividends received by their own multinationals far more lightly, if at all, presumably to encourage the remittance of such dividends rather than the retention of profits overseas.

Finally, there is no mention of the U.S. multinationals' position when they invest in the UK. Is your correspondent equally happy that they too should have both Governments subsidise their financing costs, rather than be entitled to a normal, single, measure of relief?

C. W. Daws.
The Red Lodge,
Blanford Road,
Reigate, Surrey

Hazardous plants

From Mr G. Flint

Sir,—There can be no disagreement with the aims of the control of industrial major accident hazards (CIMAH) regulations (December 19) that will apply stricter controls on industrial plant using and storing dangerous chemicals. The histories of the disasters at Flixborough, Beek, Seveso, Mexico City and Bhopal provide ample proof of the need for stricter measures than currently exist to improve the safety of the workforce and neighbouring public.

It serves no useful purpose, however, wastes resources, diverts attention away from industries rightly in need of control and lowers the authority of the regulations if they are so widely applied as to include installations that even in the most bizarre circumstances are not capable of causing a major accident.

How many small industrialists —electroplaters, hard metal tool manufacturers, paint manufacturers, producers of sintered metal parts, etc.—are aware that their 100 gallons of nickel plating solution, their 100 kg of nickel and cobalt powder or compounds, renders their plant a hazardous installation and subject to the requirement of the regulations?

The CIMAH regulations put into force the EEC "Seveso directive," the inclusion in which of nickel and cobalt powder and compounds was effected in the late stages of preparation and subsequently approved without consultation with industry or those knowledgeable in nickel and cobalt epidemiology and industrial practice. It provides a prime example of what can happen when communication between industry, the Commission and relevant departments of member states is inadequate.

If it had been nickel or cobalt, powder or compounds that had been dispersed into the atmosphere at Bhopal, the two thousand or more of its citizens who died from exposure to methyl isocyanate would be alive and well today. Yet the action level for methyl isocyanate is 1,000 kg; that for nickel and cobalt powders and compounds is 100 kg.

G. N. Flint.
25, Blythe Way,
Solihull,
West Midlands.

The City's pictures

From the Chairman,
Library Committee,
Corporation of London

Sir, — Being unaware of current thinking related to the redevelopment of the east wing of Guildhall, it is impossible for me to take up any of the points raised by Gillian Darley on December 18 in that regard.

I am, however, most grateful for the interest shown in the City Corporation's collection of pictures, both in the review of the exhibitions and the article.

This interest was confirmed by the numbers attending the two exhibitions of the City's pictures, 61,060 and 117,626 respectively, and the great success of the Tissot exhibition referred to, in which we have three pictures, together with our associated exhibition on the lower floor.

The Corporation of London regards the Barbican centre for arts and conferences as a major responsibility and one for which a substantial proportion of Corporation funds are being used. This includes the art gallery for which my committee takes responsibility and the success of which we are determined to ensure. In times of scarce resources this cannot but have an effect on other activities, and while this is a matter for regret, it is inescapable.

The suggestion that the City's pictures have not been seen by many people is completely erroneous. Many of the pictures have been seen for some time in the old library and in the old print room, both used for major receptions, others are in reception rooms in the Mansion House, and still others are on loan to institutions within the City. Thus, thousands of people see many of the pictures and they are all available to be seen by serious and interested parties.

Still further we are supporting the Bath Festival exhibition in May/June 1985 with a loan of 73 pictures, and a further 13 are going to Japan for exhibition from January to June.

D. M. Shalit.
Guildhall Library,
Aldermanbury, EC2.

FINANCIAL TIMES

Monday December 31 1984

Terry Byland on Wall Street

The year of the bid struggle

IF WALL STREET believed in handing out prizes, rather than leaving its members to grab them for themselves, then the takeover specialists would sweep the board for 1984. A year that opened with Mr T. Boone Pickens locked in combat with Gulf Oil ended with none other than Mr Pickens and Phillips Petroleum coming to terms after their spectacular bid tussle.

The 12 months in between brought a flood of increasingly expensive bids, most of them involving the successful restructuring of major corporate assets, but some also leaving a trail of recrimination on Wall Street and elsewhere. The year's total of mergers and acquisitions is not far short of $100bn, with the crown taken by Socal's $13bn purchase of Gulf Oil.

In the stock market, the takeover struggles introduced and strengthened new bid techniques and strategies. The concept of the "unbid" entered Wall Street philosophy. Walt Disney Productions was not taken over, nor was ITT, nor Warner Communications, nor, apparently, will be Phillips Petroleum. Yet all four attracted their full share of drama, expense and boardroom expertise.

"Greenmail," believed to be a reference to the colour of the dollar bill, entered the national vocabulary, and some older investment terms, like "warehousing" and "arbitraging" took on a more lurid hue.

The takeover wars produced their gallery of heroes and champions, some of them newcomers but some old friends from earlier campaigns. While Mr Robert Maxwell busied himself acquiring British popular newspapers, Mr Saul Steinberg an old adversary, showed his usual deftness in dealing with the Disney board. Mr Rupert Murdoch, owner of other London popular newspapers and a lot more besides, achieved a similar success with Warner Communications.

The application of "greenmail" to extract substantial sums from corporate treasuries while leaving boardroom jobs unscathed is the end product of several market trends. The increasing size of takeover bids has encouraged the need for a prospective bidder to build up a stake in the target company. This need has fed the development of the block traders and the third market, where stocks are traded off the trading floors. The third market has become a significant conduit for stake-building by the predators.

Several times this year, the New York Stock Exchange has ordered suspension of a bid-sensitive stock, only to see the third market announce that it was continuing to trade the securities.

The third market operates by direct approach to potential buyers or sellers, which is no more popular with the NYSE than with any of the other major stock markets of the world. It is also a natural supporter of the new electronic market systems of the National Association of Securities Dealers (NASDAQ) – another thorn in the side of the NYSE.

The arbitrageurs, with the redoubtable Mr Ivan Boesky at their head, are the other warehousers of speculative issues. The huge profits on this year's takeover have drawn the arbitrageurs ever closer to battlefield. Their fortunes have been linked to those of the best-known takeover merchants, and activity in the third market has often spurred them to build up holdings in a likely bid victim.

The cost of doing so has been high, since the holdings were usually financed at short-term rates and bitterly contested bids prolonged the financing period.

The prospective bidder can hardly be unaware that blocks of stock in the victim are stacked up waiting – and neither can the board of the victim, searching for a way out. The danger for the arbitrageurs is that while they may have become players in the game, they have no place in the strategy.

The arbitrageurs took heavy punishment over Christmas when Phillips Petroleum stock plunged after news of the agreement with Mr Pickens. The arbitrage community had been caught holding about 11m shares in Phillips, and by Friday night most of those shares had changed hands – at a loss to the arbitrageurs of anything up to $100m.

Doubts over the merger mania have also come from beyond Wall Street. In the middle of the year, Congress expressed concern over the implications of the oil industry shake-up. The Phillips-Pickens settlement has drawn the Phillips employees into the debate by a proposed employee stock ownership plan.

Prospective bidders may have to proceed more cautiously in 1985. With oil prices still flat, the 1984 mergers in the industry may have to justify the high prices paid for energy reserves. The steel industry has shown that it is possible to restructure national assets without fuelling stock market speculation.

TRIPARTITE DISCUSSIONS PLANNED FOR BRITISH AIRWAYS FLOTATION

UK talks on airline share sale

BY LYNTON McLAIN IN LONDON

INTENSIVE discussions on the sale of British Airways start this week *between BA, the British Treasury* and the Transport Department as the UK Government pushes ahead with plans to sell the airline by late spring.

Talks start on Wednesday and are to continue daily until outstanding issues delaying the privatisation have been resolved.

The British Government and BA have three main issues to resolve by about the end of February. This will allow a two-month, *pre-flotation* publicity campaign with a target offer-for-sale date some time in May.

This compares with earlier provisional dates of mid-February, al*though the Government has never* formally acknowledged such a target.

Well before May, the Government and BA have to agree how much it is realistic to expect the sale to raise; how the sale proceeds should be divided, if at all; how much of BA's £700m ($815m) long-term commercial debt should be paid off as part of a capital restructuring of the airline's balance sheet, and the scale of the share sale campaign.

Two leading merchant banks in London are also expected at the talks. Lazards is acting for British Airways and Hill Samuel is acting for the Transport Department.

The aim is believed to be to raise about £1.25bn from the sale of British Airways. The bulk of the money, perhaps £1bn, is likely to go to the UK Treasury, which, through the Secretary of State for Transport, owns British Airways *on behalf of* taxpayers.

A method also has to be found to provide working capital for British Airways.

These issues will be at the heart of the talks. They will help determine the price at which the shares can be offered and they must be resolved before BA and the Government decide on the potential investors who will be the target of the publicity campaign.

BA favours the widest possible spread of private shareholdings, but has already ruled out any form of shareholder incentives such as free flights or other perks. British Telecom used incentives extensively to encourage the small investor.

BA staff and London institutional investors are certain to be encouraged to buy shares.

Incentives to buy BA shares and a long publicity campaign are regarded as unnecessary by the airline and the Government in view of BA's recent performance in generating profits, its optimism for the new year and its generally higher public profile than was the case with British Telecom before its share sales campaign.

BA made £214m net profit in the year to the end of March 1984 and £180m net profit in the first six *months of the current financial* year to the end of September.

In terms of passengers, the airline carried more than 16m passengers in the 12 months ending today. This is a growth of 12 per cent on its scheduled and charter flights and is two percentage points higher than the average growth for airlines of the International Air Transport Association over the same period.

BA is unwilling to forecast its full financial year results to the end of March 1985, but traffic in the first three months of the traditionally slacker winter period has "held up well," especially from the U.S. to the UK as the U.S. dollar continues to strengthen against sterling.

The airline, together with U.S. transatlantic operators, is putting on extra Boeing 747 jumbo jet flights to London this week to encourage U.S. travellers to visit the UK winter sales.

This U.S.-to-UK traffic is likely to be further stimulated from today with the expected approval of BA's new cheap transatlantic winter flights by Britain's Civil Aviation Authority. BA's cheapest London to New York return ticket will cost £259.

Further evidence of the strong continued world growth in demand for civil air transport has come *from the British Airports Authority* (BAA) which operates seven airports including Heathrow.

Passenger volume at the three south-east England airports of Heathrow, Gatwick and Stansted grew by 13.7 per cent in November 1984 compared with November 1983, with the 12 months total to the end of November rising by 10.2 per cent to 43.3m passengers.

The November increase was the biggest monthly growth in traffic recorded by the BAA for more than five years.

Heathrow's passenger volume of nearly 29m almost equalled the airport's capacity and the total of 272,800 air transport movements approached the UK Government limit of 275,000 due to come into effect when Terminal 4 opens in 1985.

● Lufthansa, the West German airline, also showed an increase in traffic this year, with passenger volume up by nearly 7 per cent on 1983 to 15.3m passengers.

Bolivian president removes army chief

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT, IN LONDON

THE BATTERED authority of civilian government in Bolivia received a much-needed boost yesterday as *President Hernán Siles Zuazo* forced the army to accept his nominee as their new commander.

On Saturday President Siles Zuazo dismissed General Jose Olvis Arias as army commander after *charges that he had been plotting* the latest in Bolivia's long series of military coups.

The President appointed in his place Géneral Raúl López Leyton, a democratically minded officer.

Gen Olvis refused to accept his removal and was backed by many garrison commanders, including those of Oruro and Trinidad, one of the centres of narcotics production.

Gen Olvis was, however, surrounded in his headquarters in La Paz by units loyal to President Siles Zuazo and to General Simon Sejas Tordoya, the overall commander-in-chief of the armed forces. On Sunday morning Gen Olvis gave up his bid to retain his command and acknowledged the succession of Gen López.

Mr Siles Zuazo's victory will strengthen his hand in his struggle *to exert some control over the economic* crisis which this year plunged Bolivia into hyperinflation, with prices rising 1,100 per cent.

Some of the senior officers who supported the rebellious Gen Olvis are reported to be involved in the illegal narcotics trade, Bolivia's largest export earner.

Mr Siles Zuazo in his last month in office and his loyalist commander-in-chief, General Sejas may feel emboldened to undertake new measures to control the trafficking

Major regrouping for Barclays Bank

BY DAVID LASCELLES. BANKING CORRESPONDENT, IN LONDON

BARCLAYS BANK, the UK's largest bank, will tomorrow merge its domestic and foreign arms into a single group, after more than two years of preparation.

The combination of Barclays Bank with Barclays Bank International – which itself evolved from Barclays DCO – into Barclays Bank Plc is intended to improve the efficiency of the group, which employs 70,000 people. The move required an Act of Parliament.

Mr Peter Leslie, the new group chief general manager, said the new structure would raise productivity and enable Barclays to serve multinational corporations better.

It is also expected to produce staff savings. The bank's trade unions have resisted the merger, fearing that there would be large job losses. The change will not affect the interests of Barclays' shareholders and it is not expected that the costs will affect 1984 profits.

The merger comes when Barclays is also trying to digest another big venture: its proposed *Stock Exchange* partnership with de Zoete & Bevan, the UK stockbrokers, and Wedd Durlacher, the jobbers, (market makers) in which it will eventually have a 75 per cent stake.

Barclay's investment in this venture will be £150m–£200m ($175m–$233m) according to Mr Leslie, but this includes the Barclays operations that will be put into it.

The merger of Barclays' operations is being followed by other UK banks which have separate domestic and foreign operations.

Standard Chartered Bank is adopting a similar strategy and Lloyds Bank has initiated proceedings to merge with Lloyds Bank International.

UK coal board sees strike breakthrough

BY JOHN LLOYD, INDUSTRIAL EDITOR IN LONDON

A RENEWED surge back to work in the British coalfields is expected next week. This would break the logjam between the two sides in the nine-and-a-half-month-old coal strike and could precipitate a fresh round of talks.

Senior officials of the National Coal Board (NCB) are cautiously optimistic that the numbers of miners returning to work for the first time next Monday will rival the record numbers of new faces in November, when some 16,000 miners returned to work.

Most pits will be open for work on Wednesday of this week, but the NCB will not attach any importance to attendance figures until next Monday. Absenteeism is traditionally heavy after Christmas and pits in Scotland, the north-east of England and parts of Yorkshire will remain closed.

Even if a substantial return to work does not materialise, however, the NCB still believes that negotiations might be possible relatively soon – perhaps within the next six to eight weeks. It believes that the Trades Union Congress (TUC) meeting with Mr Peter Walker, the Energy Secretary, earlier this month showed a desire on both Government and union side for a more conciliatory atmosphere – one which could be built on in future meetings.

This view is shared by several of the senior union leaders who attended the meeting, and who saw in Mr Walker's tone a desire for a compromise – if the National Union of Mineworkers (NUM) leadership could be prevailed on to compromise."

There are, however, no signs of any such movement. Mr Pat Lowry, the chairman of Acas, the government supported conciliation service, was in touch by telephone with Mr Peter Heathfield, the NUM's general secretary, just before Christmas – but the call was merely an exploratory one, with no result.

Mr Lowry told Mr Heathfield that Acas stood ready to arrange further negotiations between the union and the NCB – and suggested that such talks might best be conducted privately, out of the glare of publicity.

It is understood, however, that the two men concluded that the basis for talks of any kind did not, at present, exist.

The NCB is to place advertisements in some national newspapers today urging miners to return to work. It will explain the main features of its offer, including the highest redundancy payments in UK industry, and a 5.2 per cent wage increase backdated to November 1983.

Companies calculate impact of high-rise dollar

Continued from Page 1

than most at sterling's movement *over the year, having budgeted for* an exchange rate of $1.20 to £1 in his turn-of-the-year forecasts.

Mr Ireland admits, however, he is in a dilemma over whether to strike BTR's exchange gains on a year-*end dollar value or to take* an annual average, which would produce a lower currency gain – ICI, by contrast, uses an average dollar figure in its annual accounts.

European companies which import U.S. goods or buy materials in dollars could report currency losses if they had neglected to cover themselves against the dollar's rise by buying the U.S. currency forward at cheap exchange rates earlier in the year.

By the same token, exporters to the U.S. who took out foreign exchange cover on the mistaken – but widely held – belief that the dollar would fall, will miss out on the *windfall gains to be reaped by the* likes of the uncovered BTR.

The dollar's unexpected progress has particularly underlined the importance of currency management in the oil business. Some companies now regret having taken out dollar loans to finance the purchase of production acreage. Such a move seemed rational at the time. It made sense to borrow dollars to buy an asset which would produce dollar-priced oil, but it also means they will have to make provisions against profits for the appreciating value of their debts.

Britoil admits this will be the chief reason why it will be report*ing a currency loss for the year end*ing today, while Enterprise Oil and Clyde Petroleum will be laughing down their sleeves because they have no dollar debts.

Neither the Royal Dutch/Shell Group nor BP split out total currency effects because the process would be too costly and complicated for companies of their size. Shell reported a switch from currency losses of £11m to gains of £20m ($23.2m) in the third quarter of the year ending today, however, although the group is not suggesting that should be an indication of the end result.

BP, meanwhile, says the effect of *the dollar's movement on its own* profits should be broadly neutral. Its dollar-denominated oil production earnings will be flattered in sterling terms, but there could be losses in refining and marketing. That *is because the* refining operations paid more in local currencies for their crude but were unable to pass on the difference to their customers.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	11	52	Malaga	S	13	55	Salzburg	Sn	-2	28
Akrotiri	S	18	64	Faro	S	13	55	Malta	F	15	59	Seoul	F	-1	30
Algiers	R	10	50	Florence	F	7	45	Manila	A	29	84	Singapore	C	27	81
Amsterdam	S	1	34	Frankfurt	C	1	34	Miami	S	18	64	Stockholm	C	-5	23
Athens	R	11	52	Funchal	C	17	63	Milan	C	4	39	Strasbourg	S	1	34
Bahrain	F	19	66	Geneva	C	0	32	Moscow	C	-14	7	Sydney	F	23	73
Bangkok	S	31	88	Gibraltar	S	15	59	Munich	C	-3	27	Taipei	C	13	55
Barcelona	S	10	50	Guernsey	D	11	52	Nairobi	-	-	-	Tangier	S	14	57
Beirut	F	20	68	Helsinki	F	-4	25	Naples	F	11	52	Tehran	-	-	-
Belgrade	C	-3	27	H. Kong	C	13	55	New Delhi	S	19	66	Tel Aviv	S	21	70
Berlin	Sn	-2	28	Innsbruck	Sn	-3	27	New York	R	12	54	Tenerife	S	19	66
Biarritz	S	4	39	Inverness	-	-	-	Nice	S	10	50	Tokyo	S	8	46
Blackpool	D	6	43	Istanbul	R	6	43	Oporto	S	11	52	Toronto	F	-3	27
Bordeaux	S	3	37	Jersey	D	6	43	Oslo	F	-5	23	Tunis	R	14	57
Brussels	C	3	37	Jo'burg	-	-	-	Paris	C	3	37	Valencia	S	11	52
Budapest	Sn	-2	28	Las Palmas	S	20	68	Prague	Sn	-4	25	Venice	C	4	39
B. Aires	C	32	90	Lima	-	-	-	Reykjavik	C	1	34	Vienna	Sn	-3	27
Cairo	S	22	72	Lisbon	S	10	50	Rio de J'o	C	28	82	Warsaw	C	-2	28
Cape Town	S	27	81	Locarno	S	1	34	Rome	F	12	54	Zurich	F	-1	30
Caracas	F	25	77	London	D	6	43								
Casablanca	S	15	59	Los Angeles	F	10	50								
Copenhagen	C	-1	30	Luxembourg	Sn	0	32								
Corfu	C	14	57	Madrid	S	6	43								
Dublin	C	9	48	Majorca	F	9	48								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Airlines set for profit

Continued from Page 1

"Besides internal developments – the changing nature of industry co-operation and the automation revolution – we face major external challenges, notably from other modes of transport and from telecommunications advances, not forgetting unpredictable political and economic trends."

"As a result of regional evolution, there is an increasing trend at government and airline levels towards fragmentation of the world-wide integrated air transport system.

"This development requires close monitoring and statesmanship if we want to maintain the one-world aviation concept for travel and trade."

Mr Hammarskjold is being succeeded as director-general of the IATA by Mr Gunter Eser, hitherto an executive director of Lufthansa, the West German airline.

The International Civil Aviation Organisation, the aviation technical agency of the United Nations, said in a year-end message that during 1984, the airlines from more than 150 UN member-states, carried 832m passengers on scheduled domestic and international services, a rise of 5 per cent over 1983.

Cargo traffic rose more than 9 per cent to 13.1m freight-tonnes,

THE LEX COLUMN

Yellow fever in the City

The Stock Exchange's new listing regulations – bound into its updated "Yellow Book" – come into force this week. At the exchange it*self this event seems to be viewed* with some regret and apprehension, outweighing the natural sense of achievement at having produced a more logically arranged rule-book. In the wider circle of City of London *practitioners, whose share-issuing* activities will be controlled by the new code, rather stronger words are being used.

Both parties are worried that the more bureaucratic character of their relationship will cause inconvenience and expense, gumming up the works of the London capital market. They also fear that a framework of administration under statute, imposed by an EEC directive, may almost negligently have short-circuited the long debate over how to regulate the City.

So far as mere inconvenience goes, there is quite enough to worry about. The way U.S. companies have been rushing to register before the boom drops is evidence of that. For the largest of corporations there remains a world of difference between reprinting existing accounts on an Extel card and the formal rigmarole of preparing full and fresh particulars, complete with corporate history, accounts' report and responsibility statements.

Laying down lines of communication to the London market may have looked worthwhile as high-class financial PR, when it cost $50,000 or so, the proposition may not stack up when the cost is multiplied, maybe tenfold.

In future, American companies can be expected to apply for London listings only if they seriously intend to use their paper in the UK.

Rigidity

It may seem in itself rather a trivial matter that fewer listings are likely to be sought and maintained for largely cosmetic purposes, but underlying these new obstacles to American companies is a principle – of consistency and legal obligation – which will apply throughout the exchange's administration of questions concerned with listings.

In place of the former discretion to waive its own requirements, the duties imposed on the Stock Exchange as "competent authority" under the statutory instrument now include a positive obligation to determine that all cases are treated alike. This applies even to rules that were in the old Yellow Book, themselves unaffected by the Community legislation.

With the best will in the world, flexibility that would have worked to the advantage of blue-chip companies while excluding cowboys will apparently have to be replaced by rigid consistency.

British companies coming to the market for the first time probably need not panic altogether at this thought. Disclosure requirements are increased, but not unbearably so. Few will jib at the demand for directors to reveal when and where they were last convicted of fraud, nor should companies that are eligible for a full listing cavil at producing balance sheets for the previous five years (rather than a single year) since they are supposed to have them anyway.

It is strange, if you think about it, that prospective investors should ever have been expected to make up their minds without these disclosures. Quite generally, the addition*al information that must appear in* listing particulars (oldspeak: prospectus) should have been included in any case.

Complaints are bound to arise, however, from companies already listed as they comply with their "continuing obligations." For these are in certain respects likely to prove more awkward – and definitely more expensive – than they used to be. Grumbles will obviously be heard from those issuing shares in quantities less than the 15 per cent of issued capital that evoked a Class One circular, for they are now required to provide full listing particulars every time they make an acquisition that enlarges their equity by more than 10 per cent.

The squawks of companies issuing debt may be louder still, since the tiniest loan stock must be accompanied by listing particulars. For small issuers, the reuse of particulars approved within the last 12 months will not spread the new costs noticeably.

Although the taxi-meters begin to tick as soon as any of these documents go into preparation – racking up professional fees that the lawyers and accountants can never have thought they would see – expense will not be the only cause of resentment, possibly not even the main one. For in many cases – particularly when shares are to be issued in a takeover – speed is essential, yet the increased traffic through the Quotations Department may cause bureaucratic tailbacks.

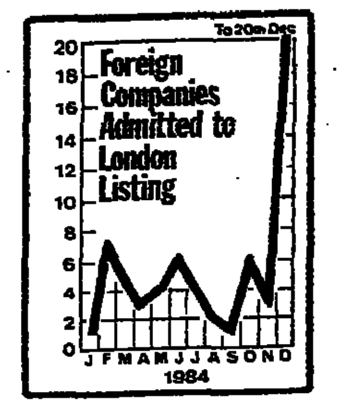
Responsibility

It is only necessary to recall the arguments advanced in favour of vendor placings, primarily reducible to rapidity in execution, to see how the new order will irk the merchant banks and their broking allies. The familiar dash to the altar is going to be delayed by the need to submit documents 14 days before impact, and to get the exchange stamp on a final version before it can be published.

Though regular issuers may save time by keeping a prospectus permanently on ice, and the exchange has said it will give priority to rush jobs, such as takeovers, there is as yet no knowing how fast it can operate under its new yoke of responsibility.

So there is a ready-made type of disaster waiting to happen. The bal*loon would go up if some deal foundered because documents were still* being shuffled at the time when the bankers' timetable said new shares were supposed to be hitting the market. It may never happen, but if it does the inquest is unlikely to be a very civilised affair.

Yet the possibility that the new arrangements may work imperfectly is not the most worrying aspect of their introduction. It need not even be bad to have laid the foundations for a London SEC, however inadvertently, but to have brought such an agency half way into being – by a sort of legal fiction and apparently forgetting that it will use any resources – may just overload and undermine the old regulatory structure without supplying a workable substitute.



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FINANCIAL TIMES
Monday December 31 1984

CREDITS

Major changes as bonanza ends

MANY international bankers will probably remember 1984 with relief tinged with regret.

Again the prophets of doom were proved wrong as the world financial system failed to collapse under the strain of a continuing developing country debt crisis. Comforting as this may be, however, there is no escaping the fact that this year has brought more chastening news for those engaged in international lending.

Bank executives have had to accept that the lending bonanza that saw their careers flourish in the 1970s has finally ended. Business has become scarcer, competition keener and profit margins slimmer. In the process the international loan market has undergone a profound change from which it may never recover.

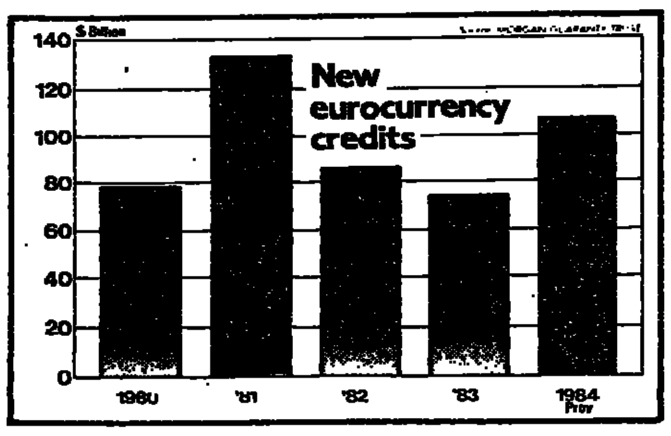
Raw statistics can mislead in this respect. Provisional data from Morgan Guaranty Trust of the U.S. show, for example, that the volume of new Eurocurrency bank credits rose this year to $106.3bn from $74.2bn in 1983, but these totals include more than $30bn in exceptional credits arranged for U.S. corporations waging or fending off takeovers.

The old fashioned syndicated loan market has been in a sorry state for most of the year. With rescheduling problems making most of Latin America a no-go area, the supply of business from the developing world has continued to dwindle. Meanwhile top-rated borrowers like Sweden have discovered new techniques that often take business right out of the traditional banking market.

Early in 1984 it seemed this might be a temporary phenomenon, but it became clear that the borrowers' market was here to stay. Lower oil prices and sluggish growth curtailed the need for fresh funds among most industrialised countries.

Instead they have been able to concentrate on restructuring existing debt to achieve lower servicing costs – a process which means lower returns for lending banks.

Only in the Far East and Eastern Europe have there been any signs of buoyancy. East Germany concluded a $400m credit, its largest ever, while the Soviet Union through its Foreign Trade Bank, has been an active taker of funds. In Asia deals from countries like Malaysia and South Korea have kept the market moderately busy.



In retrospect it is easy to see why the market has changed.

It started with the debt crisis which, from 1982 onward, left banks stuck with large blocks of Latin American debt likely to remain on their books for many years. As it was rescheduled, most of this attracted relatively high interest margins – which is still the case – even though rescheduling terms have now shifted in favour of the borrowers.

At the same time business in the international interbank market slowed as smaller banks found it harder to raise funds for international lending. This made them reluctant to seek out new opportunities for medium-term lending and opt instead for short-term business.

International bank lending has thus become increasingly polarised. As banks found themselves compelled to reschedule developing countries' debts over longer periods, they showed a preference for very short-term business from other borrowers regardless of the much reduced returns.

Banks have become more active buyers of floating rate notes which they can sell quickly in case of need. Even though the margins on such notes are now miniscule, profit can also be made by funding the paper with very short-term money and profiting from the yield curve.

Note issuance facilities, which involve the continuous sale by a borrower of short-term money market paper, have also grown rapidly to the point where only a narrow band of middle quality sovereign borrowers still raise most of their money through conventional Eurocredits.

The cost advantages of new borrowing forms for sovereign and corporate debtors are obvious. Sweden was able to borrow £100m in short-term advances from international banks bearing an average interest margin of just 11.53 basis points (hundredths of a percent) above the London interbank bid rate for sterling deposits. Sweden thus raised money more cheaply than many of the banks which traditionally lend to it.

The question facing bankers is whether such a situation can last. For the moment, the answer seems to be yes, since a strong demand in the international banking markets for short-term investment opportunities persists.

The type of institution which is prepared to make such a cheap advance to Sweden is one that finds itself temporarily with a surplus of sterling, perhaps as a result of a foreign exchange deal. As the number of players in the international interbank market has contracted it is no longer so easy to place this surplus with other banks. International lending for many banks has become closely enmeshed with the once entirely separate task of treasury or cash management.

For borrowers emphasis on cash management has also grown though in a slightly different way. Most no longer need to scramble for more loans to meet a widening external payments gap. Instead they need to control borrowing costs by seeking lower rates through renegotiation and by using flexible techniques which allow only as much money to be drawn as is needed at any one time.

Note issuance facilities, the stars of 1984, offer such flexibility, but with a caveat. They oblige large banks to make underwriting commitments that have started to worry central bankers. If banks were ever required to back up such contingent business with extra capital this market could suddenly seem far less attractive.

The facilities bear all the hallmarks of the securities market transaction, traditionally the domain of slick investment rather than commercial banks. It is no coincidence that the concept was pioneered by such investment banks as Merrill Lynch.

Credit Suisse First Boston recently masterminded a $1bn deal for Nestlé, and Salomon Brothers organised a highly successful $100m facility for Statoil.

These organisations have established placing power which that extends beyond the banks to a broader band of investors. The past two years have shown how adept they are at poaching business away from stolid commercial lenders.

To make their mark in the markets of the future, commercial banks thus have to develop similar placing power and learn to treat loans as tradeable market instruments. Much as they might regret it, the lesson of 1984 is that the old days when banks could grow rich simply by piling more loans on their books have long passed.

Peter Montagnon

INTERNATIONAL BONDS

Dollar dominates a difficult year

SYNDICATE managers may be uncertain what 1985 will bring, but they expect it to be different from 1984. This year was another record one for Eurobond new issues. It was also the year that the much-feared repeal of withholding tax materialised. It was also a year when "no-brainers" – issues that make money without managers having to think about them – were thin on the ground.

The year started in optimistic mood. The bear market, however, which began in February lasted through to June. Then U.S. interest rates started falling, coupons on new issues came down and money was being made again in the bond market. On Eurodollar bond issues, coupons, which had reached 14 per cent at mid-year fell to around 11½ per cent by the end of the year. Other currencies followed suit.

With the dollar riding high throughout the year, issues flooded into that sector of the Eurobond market, which, as in 1983, dominated new issue activity in 1984.

It was a difficult year for issue managers. While the leading houses made money, with some help in the autumn from the sliding interest rates, it was not a year when co-managers could make a fortune. Intense competition between lead managers meant that deals were generally finely priced, leaving little for the less well commissioned co-managers to pick up.

There was also the uncertainty brought about by the repeal of withholding tax in the U.S. Allowing foreigners to buy U.S. domestic bonds free of tax posed a serious threat to the Eurobond market. The move has had little effect so far. The results are subtler and longer term than many realised. Many firms in Europe, however, are finding that dealing in U.S. bonds is forming a larger part of their trading activity.

The other problem is that of "spreads." The difference in yield between an issue in the Eurobond market and in the U.S. has narrowed. Increasingly, Eurodollar issues are being priced oft U.S. Treasury yields. This makes swap transactions, where the anomalies in yields in different markets are used to give borrowers an advantage, harder.

Swaps have been big business in the past few years. In 1984, they became increasingly less profitable for the issue managers. Swap-driven new issues made up perhaps two-thirds of the deals done in 1984. The relationship, however, between yields in Europe and the U.S. made those transactions tougher as the year progressed. That was responsible for the worst fashion of the year – debt warrant issues.

TOP LEAD MANAGERS IN THE EUROBOND MARKET

End 1984	End 1983		$bn
1	(1)	Credit Suisse First Boston	10.02
2	(3)	Merrill Lynch	5.79
3	(2)	Deutsche Bank	5.74
4	(4)	Morgan Guaranty	4.98
5	(10)	Salomon Brothers	3.89
6	(6)	Morgan Stanley	3.71
7	(5)	S. G. Warburg	2.60
8	(–)	Goldman Sachs	2.45
9	(–)	Daiwa Europe	2.40
10	(8)	Nomura Int.	2.09

Note: Includes all public issues of Eurobonds (excluding foreign bonds in domestic markets in Europe, U.S. and Japan) issued in 1984. Full amount credited to lead manager, or divided equally between joint lead managers.

Adding a warrant to buy another bond to a bond issue could increase the proceeds enough to make a swap work. The craze for warrants, however, – a highly exciting investment when interest rates are coming down – soon faded. Although issue managers dreamed up increasingly sophisticated refinements to capture investors' interest, warrant fever passed.

There will be more warrant issues in 1985 – when the price in right. But, wonder dealers, will the warrant market become a proper market?

The Eurobond market has certainly matured in the past year. December saw Salomon Brothers lead managing a three-tranche issue for Prudential Corporation of the U.S. with total proceeds of more than $1bn. It showed that a big deal could work well – if correctly priced. 1985 should see more of such deals.

The new year will also be a good one for issuers of floating rate notes. These instruments became ever more arcane in 1984. The first perpetual issues appeared. Sweden – ever an innovative borrower – was involved in the first "flip flop" perpetual, one which could be regarded as having a five-year life at the same time as being irredeemable.

Sweden too auctioned a couple of FRNs to achieve funding rates only marginally over London interbank offered rates, the level at which the banks borrow.

Sweden was also involved in a 40-year FRN issue now seen as being ahead of its time. The deal, in February, flopped, but was cleverly resuscitated by lead manager Merryll Lynch.

Short-term interest rates are now so low that the new year must see a flood of floaters, especially if borrowers follow Sweden in calling existing issues made when margins were much higher. Fees to be earned from FRNs, however, have shrunk to a minimum in 1984, and even if new issue activity is high, issue managers will find it harder to make profits.

The best deal of 1984, said many issue managers, was the Texaco convertible. This was masterminded by Credit Suisse First Boston as a global operation. Launched in March at $800m it was increased after a week to $1bn, and followed by a further $500m in April.

"Brilliant in idea, superb in execution" was the verdict of a rival issue manager. Another equity linked issue, from the same lead manager, has been called the worst deal of 1984. The Beatrice Foods 10½ per cent issue with equity warrants, collapsed to a price of 91, though it has recovered. The coupon was too low to make up for a too high premium on buying the shares.

Many expect equity issues to play a bigger part in 1985, however. Booming stock markets encourage borrowers to raise money through the equity route.

The early months of the year should see a big flow of financings. Interest rates have dropped to a level which borrowers would like to look into now. They may drop further, but no one is confident enough to predict that they will be lower at the end of 1985 than at the start.

The dollar's continued strength is also debatable. If the dollar falls, the Eurobond market will see more issues in other market sectors. That trend will be reinforced if swaps across currencies become more frequent, because straight interest rates swaps have become harder to arrange.

Japanese investors have been important too in buying issues made directly by Japanese companies. As these issues are not included in the amount institutions are allowed to invest abroad, the demand for them has been enormous. If these institutions are as keen to buy dollar bonds in 1985, these issues will continue to appear at yields which look crazy to Eurobond investors.

Most important is the future of issues from the U.S. Treasury and from U.S. government agencies. So far these have been a failure, because the "targeted registered" form in which they come to Europe has not found favour among investors. The Treasury is committed to continuing its programme of sales to Europe – but will either have to be content with funding at the same rate there as at home, or will have to make the political jump to bearer bonds.

Maggie Urry

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. MONEY AND CREDIT

Policy worries promise another volatile year

THE U.S. credit markets enter 1985 on a high note—set against an uncertain economic backdrop and a continued focus on the Federal Reserve Board's monetary policy.

Short-term U.S. interest rates are around their lowest levels in 12 months and the yield on long-term government paper is a full half-point lower than a year ago with the 30-year Treasury yielding under 11.5 per cent compared to a high of 14 per cent in late May.

But the recent buoyancy of the U.S. credit markets hides deep-seated concerns about the current state and future course of the U.S. economy and uncertainty about U.S. fiscal and monetary policy. These factors, at the very least, promise another year of sharp price volatility.

The past year may well be remembered most of all in the Wall Street credit and money markets as a year when volatility ruled as king and the U.S. economy, once again, fooled almost everyone, first with its unexpected vigour and then with its sharp third quarter slowdown (now called a growth recession by the Wall Street wags).

Several other major factors including the near demise of Continental Illinois in May, which sent shivers throughout the whole of the U.S. financial markets, the November presidential elections which turned out as expected, the sharp decline in oil and other commodity prices, the remarkably robust U.S. dollar, and the Fed's major shift in gears towards a more accommodative posture beginning in late September, helped sweep the bond price roller-coaster along its way.

U.S. MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	8.22	7.82	8.86	11.77	7.82
Three-month Treasury bills	7.76	7.76	8.43	10.77	7.61
Six-month Treasury bills	8.10	8.00	8.67	10.83	7.95
Three-month prime CDs	8.30	8.25	8.90	11.90	8.20
30-day Commercial Paper	8.13	8.05	8.56	11.38	7.90
90-day Commercial Paper	8.20	8.15	8.60	11.40	8.10

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	103¾	−1⅛	11.43	11.21	11.60
20-year Treasury	100	−1¼	11.62	11.48	11.68
30-year Treasury	102⅛	−1	11.49	11.38	11.55
New 10-year "A" Financial	N/A	−¼	12.13	12.09	12.26
New "AA" Long utility	N/A	−¼	12.50	12.40	12.50
New "AA" Long industrial	N/A	—	12.25	12.25	12.38

Source: Salomon Bros (estimates).

Money Supply: In the week ended December 17 M1 fell by $200m to $550.9bn.

These factors also help explain why Wall Street's senior economists, who this time a year ago were predicting a firmer Fed, higher money market rates and long-term yields "near their cyclical highs" by year-end, seem to have been gazing into a cracked crystal ball.

Instead of faltering in early 1984 the U.S. economy ran rampant in the first quarter inducing a slightly heavier Fed foot on the monetary brakes in the spring leading to a discount rate increase to the 8.5 per cent level in April and a 10.78 per cent high for three month T-bills on April 9.

The Continental Illinois banking crisis forced the Fed to pump in liquidity while trying, and largely succeeding, to maintain its basic posture by isolating the incident.

As a result, while bank certificate of deposit rates soared—the three-month CD rate hit a high of 12 per cent in early June—other short-term money market rates began to edge lower aided by emerging signs of the long-awaited economic slowdown in the summer.

By late August the slowdown and the disinflationary trend was pronounced enough for some sages to begin talking of the possibility of a recession. In early September, ahead of the presidential election, the Fed changed tack responding to the fears and mounting concern about the slow growth in the U.S. monetary aggregates.

Since then U.S. short-term rates have plunged led by the Fed funds rate, which has fallen over 2 full percentage points from 11.50 per cent at the start of Septebmre. The Fed, highlighting the change in direction which many Wall Street economists see as reflecting a shift from fighting the inflationary dragon as job number one to sustaining the pace of economic expansion in the face of disinflation and a slowdown in consumer borrowing, cut the discount rate in two steps to 8.00 per cent, its lowest level for six years.

Throughout the year huge public and private sector borrowing has been supported by an influx of foreign capital. According to Salomon Brothers' figures the net supply of foreign funds grew to $30.7bn in 1984 from $28.5bn in 1983 and is projected to remain around the $30bn level in 1985.

In late summer the U.S. Treasury moved to further tap this overseas pool of capital by abandoning withholding tax for foreign investors and introducing the first issues of special foreign targeted bonds—hybrid issues with some of the characteristics of Eurobond-style bearer bonds.

But overseas investors' willingness to help fund the capital requirements of the U.S. Treasury and industry will be tested again in 1985.

In 1985, with corporations' profits sagging, Salomon Brothers' suggests "the rise in capital and inventory spending will exceed gains in internal cash generation at non-financial business corporations."

Salomon Brothers' projects total net credit demand of $762.4bn in 1985 compared to $537.6bn in 1984, with major increases coming in both short- and long-term debt.

Once again, however, the actual outcome is likely to depend upon the performance of the U.S. economy. Undaunted by their experience in 1984, Wall Street's senior economists have dusted off their crystal balls and taken another peek into the future. What emerges is a remarkably uniform set of predictions—with a few twists.

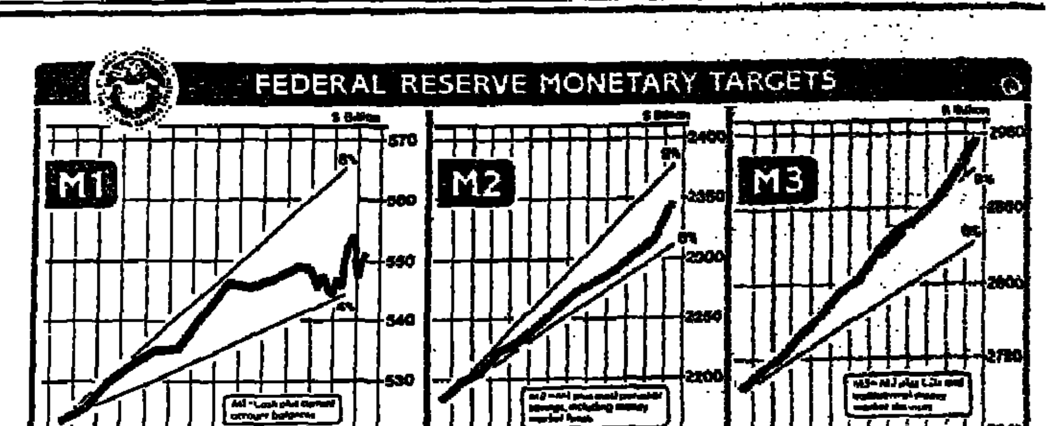
Generally, Wall Street economists are looking for a resumption of economic growth in early 1985, with real gross national product (GNP) rising by between 2.5 and 5 per cent for the full year, steady unemployment rate of around 7 per cent, inflation to edge up slightly towards 5 per cent by year-end and another uneven pattern to U.S. interest rates, with most predicting a slight increase by mid-year.

Among specific observations and predictions, Dr Henry Kaufman of Salomon Brothers says: "The efforts of the Federal Reserve to breath new life into the flagging economy will prove successful some time early next year. The reacceleration in activity will bring to the fore questions about the likelihood of higher inflation and interest rates. Our analysis suggests that, in the absence of substantial further relief from the dollar's strength, inflation will rise modestly. Interest rates, however, will follow an irregular path upward, responding to increased monetary pressures and, later in the year, weakening confidence in the dollar and the failure of attempts to achieve fiscal improvement."

One of the biggest unknown factors for 1985 will be the Federal Reserve's response to shifting monetary and economic conditions. Mr Paul Volcker, the Fed chairman, will outline the Fed's current thinking and monetary targets in his Congressional testimony early next year.

The Fed and Mr Volcker are again sitting in the hot seat—but the parameters appear to have changed. As Dr Albert Wojnilower, managing director and chief economist of First Boston, notes: "The strength of the dollar and the persistent weakness of business abroad allows us to pursue more expansive policies without serious near-term inflationary consequence."

Paul Taylor



UK GILTS

Brokers view 1985 with caution

BROKERS have a well-deserved reputation as inveterate optimists. But the ups and downs in the gilt-edged market over 1984 seem to have at least partially suppressed that instinct in favour of caution.

An FT survey of some of the leading London brokers on the outlook for 1985 has found only one or two prepared to forecast a decisive breakthrough for gilt-edged prices in 1985.

For the next few months, including the immediate aftermath of the Budget, the consensus is that both short-term interest rates and long-term bond yields will be broadly unchanged.

The average forecast for base rates is 9.4 per cent at end-March against the present 9.5 per cent, and for long gilt yields 10.2 per cent against 10.4 per cent.

The main immediate worry for the market is generally agreed to be the potential threat to sterling from any significant fall in oil prices, particularly as fuel demand falls in the spring.

Uncertainties over the monetary outlook following the British Telecom issue and possible concern over a relaxation of fiscal policy in the Budget are also seen as a brake on gilt-edged prices.

At the same time the authorities are widely expected to pursue a fairly aggressive funding policy during the early months of the year to ensure that sterling M3, the broad money measure, is kept within its 6 to 10 per cent target band.

FORECASTS FOR 1985

	Base rates end-Mar	Base rates end-Dec	Long gilt yields* end-Mar	Long gilt yields* end-Dec	Sterling index end-Mar	Sterling index end-Dec
Capel-Cure Myers	8.5	8.00	9.5	9.00	73.0	74.0
James Capel	9.5	8.75	10.2	9.90	74.0	75.0
De Zoete & Bevan	10–10.5	9.5–10.50	10.5–11.0	9.5–10.50	68–72.0	70–74.0
W. Greenwell	9.0	9.50	10.5	10.75	73.0	76.0
Grieveson Grant	9.5	9.25	10.0	9.75	77.0	82.0
Hoare Govett	9.5	7.50	10.5	9.00	74.0	77.0
Laing & Cruickshank	9.5	10.00	10.1	10.80	76.5	73.0
L. Messel	9.0	8.50	10.0	9.50	74.0	75.0
Phillips & Drew	9.5	9.00	10.5	10.00	73.0	76.0
Rowe & Pitman	9.5	9.00	10.5	10.20	72.5	75.0
Average	9.4	9.00	10.2	9.90	73.7	75.5

* FTA 25-year high coupon index.

On the plus side for the market, however, is the expectation among many brokers that the money supply figures will come right once the effects of the BT sale are washed out, and that institutional liquidity will be buoyant.

A more optimistic tone creeps into the forecasts for the latter half of the year, when most brokers expect bond markets worldwide to benefit from a general slowing of economic activity. The assumption is that it will bring a further fall in U.S. interest rates and the beginnings of a decline in the dollar which will take the pressure off sterling.

Even then, however, only two or three brokers are predicting a decisive break through the 10 per cent yield barrier for long-dated gilts, with the average of the forecasts a 9.9 per cent yield and base rates edging down only to 9 per cent.

The general view is that the UK market may benefit less than other bond markets since inflation, while remaining fairly stable, shows little prospect of falling significantly unless there is an unexpected slowing in wages growth.

The forecast improvement in sterling's value at the end of the year is a reflection of dollar weakness rather than of renewed confidence in the UK currency.

Within the rather flat profile overall for the year many brokers anticipate th possibility of the same sort of bumpy performance as in 1984. Robert Thomas of Greenwell, for example, believes that the market may again be accident-prone, hit perhaps by bouts of sterling weakness before gradually regaining its poise.

The market's vulnerability to such external shocks, however, may be limited by what Peter Fellner of James Capel sees as a greater confidence in the overall policy environment.

And the outlook for index-linked stocks? There are some predicting that 1985 might be the year when they combine the attraction of maximum security with the highest returns.

Philip Stephens

Rauma-Repola plans FM 186m rights issue

By Lance Keyworth in Helsinki

RAUMA-REPOLA, Finland's second largest private sector industrial group, plans to raise FM 186m ($28.5m) through a rights issue. It also intends to place new shares in London and Stockholm and apply for a listing on both stock exchanges as part of its internationalisation strategy.

The rights issue, and a bonus issue, will raise the parent company's share capital from FM 600m to nearly FM 900m. Holders of 10 old shares (nominal value FM 10) will be entitled to three restricted new shares at par and three free shares (purchasable by foreigners) at FM 14, plus one bonus share to bring in FM 246m. The private placements will raise an additional amount of up to FM 100m.

The company's bylaws restrict foreign ownership to 20 per cent of its share capital. To enable the placements in London and Stockholm, the new shares will be divided into series I and II, the former carrying 10 votes and the latter (for foreigners) one vote.

U.S. move by Carrefour

By Our Financial Staff

CARREFOUR, the French hypermarket group, has invested a total of $30m in Costco Wholesale Corporation of Seattle, through the purchase of both capital and convertible bonds in the U.S. concern.

After conversion of the bonds, Carrefour's stake in Costco will be about 20 per cent, and the French group has given an understanding not to increase its stake further.

Fiat confirms talks with Ford

BY ALAN FRIEDMAN IN MILAN

FIAT, THE leading Italian automotive group, confirmed at the weekend that it is holding talks with Ford, the second largest U.S. car company. The nature of the talks was not disclosed.

Disclosure of the contacts by the Turin-based car maker followed rumours on the Milan bourse on Friday that Ford might be interested in acquiring the 13.5 per cent share stake in Fiat now held by the Libyan Arab Foreign Bank.

Fiat did not comment on this rumour, except to say that there had been contacts between Fiat and various large car groups including Ford.

The Fiat statement did not specify the reason for these contacts beyond a desire to "explore prospects for joint ventures." The Libyan share stake, built up since 1977, is worth around L380bn ($200m).

● Europrogramme, the troubled Lugano-based property fund controlled by Sig Orazio Bagnasco, the financier, has put a small subsidiary into liquidation.

Gedeco, which handles the sale of Europrogramme's unquoted shares in Italy, was put into liquidation after 1984 losses of close to L1.5bn, which equalled the company's share capital.

Europrogramme, which has L1,200bn of total funds, is facing a liquidity crisis amid demands from thousands of shareholders for immediate redemption. The Swiss authorities recently decided to extend a block on redemptions

Investors may lose gold stored with Deak unit

HONG KONG — Investors who bought and stored bullion with Deak-Perera Far East may lose their rights to the gold and become general creditors of the company during liquidation proceedings, government officials and lawyers said.

Until now, Hong Kong authorities have said the gold reserves of Deak-Perera Far East were sound and have indicated that bullion investors with the troubled finance house should have little difficulty in retrieving their gold.

Deak-Perera Far East, which officially specialised in foreign exchange and gold dealing, shut down on December 7 after its chief affiliates in the U.S. filed to reorganise under the U.S. Bankruptcy Code.

Last week, Sir John Bremridge, Hong Kong's Financial Secretary, obtained an injunction freezing Deak-Perera Far East's assets and asked the colony's Supreme Court for permission to liquidate the company.

The Hong Kong Government said at the weekend that the bullion issue was one of "considerable legal complexity."

Lawyers for Deak-Perera and the Government are considering the implications of a precedent in British law known as the London wine company case.

When a London wine merchant and storage cellar went into liquidation a decade ago, the UK High Court ruled that wines stored with the merchant — whether it owned them or not — should become general assets of the company and that the legal owners of the stored wine should become general creditors.

A Hong Kong Government official said that in the Deak-Perera case, investors would probably get only a fraction of their original investments if the gold assets became part of the company's general assets.

AP-DJ

Marine sale by U.S. Steel

By Terry Dodsworth in New York

U.S. STEEL, the largest U.S. steel company, has sold the marine assets of two of its barge line companies to Ingram Ohio Barge Company as part of its capital redeployment plan.

The Pittsburgh-based group did not disclose the terms of the transaction, which involves Ohio Barge Line and Mon-Valley Transportation. The two companies carry cargoes on the Monongahela, Ohio, and Mississippi rivers, which lay at the centre of the far-flung transport network built up by U.S. Steel in its heyday.

U.S. Steel has had an active asset redeployment programme since 1981 in an effort to raise cash and streamline in the face of its heavy losses. Apart from closing some of its steel manufacturing facilities, the group has divested a number of the allied activities which originally established it as the most highly integrated steel concern in the country.

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS; FLOATING RATE NOTES; YEN STRAIGHTS; OTHER STRAIGHTS; GUILDER STRAIGHTS; CANADIAN DOLLAR STRAIGHTS; ECU STRAIGHTS; AUSTRALIAN DOLLAR STRAIGHTS; STERLING STRAIGHTS; EQUITY WARRANTS; BOND WARRANTS; CONVERTIBLE BONDS

[illegible]

Scottish Life Assurance makes successful start

A SUCCESSFUL start to its unit-linked life and pension operations in 1984 is reported by **Scottish Life Assurance Company**. In the 10 months since the launch of linked operations, £600,000 was taken in new annual premiums and £22.8m in single premiums.

This success played a large part in new business growth in 1984, which saw new annual premiums rise by 6 per cent from £17.9m to £19m and single premium business more than treble from £12.09m to £39.4m.

The withdrawal of Life Assurance Premium Relief in this year's Budget did not materially affect new business. But the company shared in the buoyant self-employed pension market as intermediaries switched to selling pensions rather than life assurance, and from the growing fears of a cutback in pension tax concessions in next year's Budget. New annual premiums more than doubled from £440,000 to £980,000 and single premiums rose by one-third from £1.46m to £1.99m.

An improvement in group pensions business was recorded, particularly single premiums. But ordinary annuity business was halved during the year, compared with 1983.

Clerical, Medical and General Life Assurance Society, a leading mutual life company, is keeping its annual reversionary bonus rates on all with-profit contracts unchanged for 1984.

However, returns for investment, which, claims Mr Andrew O'Leary, the company's actuary, have been good in 1984, are being passed on as special reversionary bonuses.

Thus on ordinary life contracts, the current reversionary bonus rate is maintained at £4.90 per cent of the sum assured and attaching bonuses, and there is a special bonus of 10 per cent of previously declared bonuses.

The terminal bonus rate paid on maturity or death claims in 1985 is maintained at 70 per cent of attaching bonuses, including the special bonus.

A similer situation applies to other with-profit pension contracts, with reversionary bonuses kept at the 1983 level and a special bonus of 10 per cent of previously declared bonuses being paid.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

FUTURE DATES

Interims:	
Centors	Jan 25
Carclo Engineering	Jan 7
Dixons	Jan 17
Gnome Photographic Products	Jan 15
London Investment Trust	Jan 10
Moorgate Investment Trust	Jan 9
Thorn EMI	Jan 10
Finals:	
Bett Brothers	Jan 16
Guinness Peat	Jan 9
Korshaw (A.)	Jan 29
London Scottish Finance	Jan 14
Rank Organisation	Jan 29
Rank Precision Industries	Jan 29

McKechnie Bros. profits ahead so far

Dr J. M. Butler, chairman of **McKeckhnie Brothers** said at the annual meeting: "I can confirm that trading profits for the group to date are ahead of the same period last year. New Zealand is performing particularly well and the UK looks more promising after a rather slow start. South Africa's results are regarded as satisfactory bearing in mind the extremely difficult trading conditions being experienced."

He added, "there is little further that can be said about the group's extraordinary losses in Australia."

Scot. Heritable extends Hoskins & Horton bid

Scottish Heritable Trust's £7.74m takeover bid for **Hoskins & Horton** (H&H), hospital equipment and light engineering group, is to be extended to January 10 after gaining acceptances from the holders of only 0.59 per cent of H&H's shares.

Scottish Heritable held a 28.81 per cent stake in H & H before it made its bid, so acceptances take its holding to 29.4 per cent

The Scottish Heritable bid has made no progress since London & Midland Industrials (LMI) put in an agreed bid for H & H at the end of November The further extension of its offer would allow time for it to increase its offer

Movements in the share prices of both Scottish Heritable and LMI have pushed the value of the Scottish Heritable offer to £7.74m while the LMI bid is worth £76m.

LMI is offering 265p cash for every Hoskins ordinary share with a share alternative of eight of its own shares for every five Hoskins. Scottish Heritable has offered three of its own shares and 105p cash for every one Hoskins share.

Nash Inds. drops to £0.27m and dividend cut

SERIOUS discrepancies in the accounting records of Dalkeith Press, discovered in August, have further weakened the position at **Nash Industries**, where losses for the second half were forecast in June by the chairman, Mr J. F. Nash.

In June, the expected losses were blamed on development activities of Western Counties Construction and reduced profits from the engineering division.

As a result, pre-tax profits fell from £676,000 to £267,000 on turnover ahead at £16.03m in the year to end-September 1984. Turnover for the previous 12 months was £14.97m. Pre-tax figures reflect little more than a break-even position for the second six months.

In view of the "disappointing figures," the dividend is cut to 1p (2.5p) per share, making a 2.5p total (4p).

This Northamptonshire-based holding company, which has interests in packaging, engineering and construction, made lower trading profits of £615,000, against £881,000, while interest charges were higher at £348,000 (£205,000). After tax of £86,000 (£210,000), earnings per 25p share were stated lower at 4.2p (10.9p).

The chairman says that the High Wycombe development has still not been let or sold, and the take-up of the Tivoli apartments at Weston-super-Mare has been much slower than anticipated.

The cost of financing and maintaining these developments has contributed largely to the loss in the construction division of £162,000. It has, therefore, been necessary to revise the marketing strategy for the High Wycombe development and appoint additional agents at Weston-super-Mare.

While Press Operations and the new acquisition, Victoria Pressings, have performed well, Hodgkinson Bennis has shown reduced profits as a result of the miners' strike, and reduced margins have led to a loss again at Johnson Construction Machinery.

During an internal investigation of the trading situation at Dalkeith Press, it came to light that a number of financial irregularities existed in the invoicing procedures which have distorted the true position in the company during the year under review and previous years.

This distortion has been aggravated by over-valuation of stock and work-in-progress. These factors have led to a serious loss for the year.

Immediate remedial action has been taken the chairman says by replacing the management and enlarging the commercial base of the company through the acquisition of Tingdene Press, a locally-based lithographic printer, for £60,000. The merger of the two companies at Dalkeith's Kettering premises should create a viable printing business in the group.

The packaging division contributed £200,000 (£122,000) to taxable profits, and engineering £360,000 (£477,000), while there were losses of £162,000 (£74,000 profits) in the construction division, and £92,000 losses (£6,000 profits) in printing.

F.T. Share Information

The following security was added to the Share Information Service on December 24.

Goliath Gold Mines (Section: Canadians).

Bestwood hit as costs rise and print margins fall

HIGHER administration charges and a deterioration in results from a printing subsidiary reduced **Bestwood** to near break-even for the first half of 1984. Pre-tax profits slumped from £113,000 to £4,000, on turnover down from £520,000 to £497,000.

The directors point out that they declared an interim last January, and they intend to repeat this practice. First half earnings per share were shown as falling from 4.88p to 0.15p. Last time a single dividend of 7.5p was paid.

In the last full year pre-tax profits came to £278,703 (£219,661).

The directors say the worsening of trading loss from £3,000 to £9,000 at the half year reflects an increase in general administration charges of the holding company of some £4,400 and a small decline in the results of John Brown (Printers). Pre-tax profits were struck after reduced income from investments and interest of £13,000 (£116,000).

The fall in profits of the printing company represents a loss in contributions arising from a reduction in sales of some £22,000 and a small decline in trading margins, offset by an improvement in bad debt experience.

Invoiced sales for the 11 months to November 30 have recovered to £942,000 (£909,000).

Owing to the reduction in margins and subject to December despatches, it is expected that the contribution, exclusive of interest, from John Brown will approximate to the £26,000 achieved in 1982 (1983 £16,000).

Tax for the first half took £2,000 (£37,000).

Shareholders were advised last January of the receipt in December 1983 of a final dividend from Foraky for the year of that company ended on June 30 1983, making a total for the year of £178,981 net of ACT. Such dividends were included in the Bestwood accounts for 1983.

Accounts for the year to June 30 1984 have been submitted to shareholders and include a provision for dividends of £600,000, net of ACT. The Bestwood proportion of these dividends, amounting to £147,714, or gross £211,020, had been received.

Profits of the Foraky Group for the year amounted to £1.69m (£2.743m) before tax of £485,000 (£1.43m). The lower rate of tax on the 1984 profit arises mainly from over-provisions in prior years. The directors' report refers to difficult trading conditions accentuated by the miners' strike.

COMPANY NEWS IN BRIEF

Kelsey Industries, a manufacturer of solder, pushed full year pre-tax profits up from £1.14m to £1.44m on turnover ahead at £30.83m against £25.16m. The company expects a further improvement in the current year.

The dividend for the year to end-September 1984 is being held at 8p by an unchanged final of 5.5p. Earnings amounted to 17p (12.9p), after tax of £740,000 (£523,000).

* * *

The net asset value of **TR Trustees Corporation** at November 30 1984 stood at 169.1p after deducting prior charges at par, compared with 150.4p a year earlier.

The directors of this investment trust are holding the interim dividend at 1.2p net. Last year's 3.4p total was paid on net revenue of £3.07m.

Net revenue for this half, after a tax charge of £958,000 (£856,000) came out at £1.85m (£1.63m). Stated net earnings per 25p share were higher at 2.06p (1.81p).

Total revenue for the period was £3.48m (£2.99m), and expenses took £672,000 (£501,000).

* * *

At the annual meeting of **Peter Stores**, leisure wear retailer based in Tyne and Wear, Mr J. P. Gould, the chairman, said that in the company's new Eldon Square store sales had gone up dramatically.

In January and February 1985 the company therefore intends to refurbish along similar lines three prime stores in Glasgow, Dundee and Middlesborough. He said that the company also intends to move to a new larger prime store in Edinburgh during the coming year, and is also actively searching out for new stores in major cities in the UK. Retail sales are still ahead of last year he added.

* * *

Marshalls Halifax announces that, in respect of the rights issue of 3,110,955 new ordinary shares of 25p each at 185p per share, acceptances have been received in respect of 2,920,426 shares (93.9 per cent).

BIDS AND DEALS IN BRIEF

The Norwich Union Insurance Group's interests in the ordinary share capital is now over 5 per cent following the purchase on December 11 of 400,000 ordinary shares. The holdings of the Norwich Union Insurance Group in the ordinary share capital of the company are now as follows: Norwich Union Life Insurance Society "B" account 1,561,718 shares (4.7 per cent) and Norwich Union Fire Insurance Society 328,477 shares (0.99 per cent), making 1,890,195 (5.69 per cent).

* * *

Agreement has been reached for the acquisition by **Christy Bros** of the engineering business, including the freehold factory at Earls Colne, Essex, of **R. Hunt & Co** for £455,000.

The consideration will be satisfied by the allotment of 1.5m new Christy ordinary shares and a cash payment of £20,600 on completion.

The Christy directors also say that agreement has been reached with B & Q (Retail) for the sale of Christy's freehold factory premises at Chelmsford for £953,000 cash, net of expenses.

Clerical Medical

15 St. James's Square, SW1Y 4LQ 01-930 5474

Executive Investment Pension Plan

	Bid	Offer	Change
Cash Fund	114.1	120.2	+0.2
Mixed Fund	141.3	148.8	-0.6
Fixed Interest Fund	119.7	126.1	-0.1
UK Equity Fund	155.0	163.2	-1.4
Property Fund	113.3	119.3	+0.2
Overseas Fund	147.1	155.0	+0.6
Index Linked Fund	102.3	107.6	-0.3
Stock Exchange Fund	114.2	120.3	-0.6
North American Fund	98.1	103.3	+3.3
Far East Fund	96.4	101.5	-0.7
Special Situations Fund	97.8	103.0	+0.7

Prices December 27. Until dealings on Wednesday

Clerical Medical Managed Funds Limited

	Bid	Offer	Change
Cash Fund	140.6	146.6	+0.3
Mixed Fund	209.0	210.1	-0.5
Fixed Interest Fund	187.7	190.5	-0.3
UK Equity Fund	226.7	233.5	-1.9
Property Fund	129.4	135.2	+0.2
Overseas Fund	218.2	229.1	+1.0
Index Linked Fund	118.8	117.5	-0.3
Stock Exchange Fund	117.8	120.7	-0.5

Prices December 27. Until dealings on Wednesday

Initial unit prices available on request, telephone 0272 290566

Granville & Co. Limited

Member of the National Association of Security Dealers and Investment Managers

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

Capitalisation £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
4,737	Ass. Brit. Ind. Ord.	140	+1	6.6	4.5	7.8	9.3
—	Ass. Brit. Ind. CULS	148	—	10.0	6.8	—	—
3,068	Airsprung Group	53	—	6.4	12.0	5.8	7.1
1,050	Armitage and Rhodes	41	—	2.9	7.0	5.1	8.5
41,786	Bardon Hill	134	+1	3.6	2.6	13.5	22.5
2,595	Bray Technologies	47	—	3.5	7.4	5.5	7.8
2,030	CCL Ordinary	173	—	12.0	6.9	—	—
—	CCL 11pc Conv. Pref.	114	—	15.7	13.8	—	—
5,568	Carborundum Ord.	796	—	5.7	0.7	—	—
—	Carborundum 7.5pc Pf.	84	—	10.7	12.8	—	—
1,343	Cindico Group	65	—	—	—	—	—
5,081	Deborah Services	65	-1	6.5	10.0	6.1	10.0
15,431	Frank Horsell	240	—	—	—	9.6	12.8
—	Frank Horsell Pr.Ord.87	206	—	9.6	4.6	8.3	10.8
4,190	Frederick Parker	59	—	4.3	14.6	—	—
922	George Blair	50	—	—	—	3.4	8.7
1,318	Ind. Precision Castings	50	—	2.7	9.0	8.3	9.9
15,303	Isis Group	200	—	15.0	7.5	7.9	14.4
5,519	Jackson Group	106	—	4.9	4.6	4.8	9.5
38,827	James Burrough	129	—	13.7	4.9	9.9	9.9
3,209	James Burrough 9pc Pf.	93	—	12.9	13.9	—	—
8,442	John Howard and Co.	81	+1	5.0	6.1	8.3	11.7
2,048	Linguaphone Ord.	141	+1	—	—	—	—
—	Linguaphone 10.5pc Pf.	96	+1	15.0	15.6	—	—
15,570	Minihouse Holding NV	572	—	2.8	0.7	41.2	45.0
326	Robert Jenkins	35	—	5.0	15.6	—	—
1,680	Scruttons "A"	28	—	5.7	20.4	14.7	3.6
2,124	Torday and Carlisle	87	—	—	—	9.3	19.8
1,677	Treron Holdings	370	—	4.3	1.2	21.0	20.7
4,160	Unilock Holdings	25½	—	1.3	4.9	12.9	18.5
11,878	Walter Alexander	93	—	7.5	8.0	7.0	11.2
5,275	W. S. Yeates	256	—	17.4	7.7	5.4	10.8

Prices and details of services now available on Prestel, page 48146.

FINANCIAL TIMES STOCK INDICES

	Dec. 28	Dec. 27	Dec. 24	Dec. 21	Dec. 20	Dec. 19	1984 High	1984 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	81.68	81.86	82.02	81.96	81.88	82.03	83.77	75.72	127.4	49.18
Fixed Interest	85.34	85.35	85.61	85.56	85.49	85.65	87.48	80.43	150.4	50.53
Ordinary	945.2	929.0	926.0	924.3	930.5	942.6	945.2	755.3	945.2	49.4
Gold Mines	474.1	478.5	477.7	469.1	464.5	476.0	711.7	452.2	734.7	43.5
FT-Act All-Share	589.74	582.93	580.86	578.98	582.21	586.60	589.74	464.84	589.74	61.92
FT-SE100	1225.6	1210.9	1206.2	1209.7	1207.2	1220.6	1225.6	986.9	1225.6	986.9

LADBROKE INDEX

Based on FT Index

940-944 (+15)

Tel: 01-427 4411

RECENT ISSUES

EQUITIES

(Table: issue price, amount paid up, latest renunciation date, 1984 high/low, stock, closing price, +or−, net dividend, times covered, gross yield, P/E ratio.) Stocks listed include: Aberdeen Am Pet £1; Access Satellite 5p; Breakmate 10p; DVD Inc $0.01; Candover Inv.; Craton Lodge 10p; Dun&Bradstreet $1.00; GSC Capital; Do. Warrants; Gabicci 5p; G.Amer.Ft Svgs Bk.$1; Hawley Group $0.01; Herculesinc.; INSTEM 10p; Jap.AssetsTst Warnts; Kingsley&Forester 20p; Klark-Teknik 5p; Limited Inc.; Martin Marietta £1.00; P.S.M. Int'l.; Penny & Giles Intl; Process Systems $0.05; Second Market Inv.5p; Share Drug 10p; UDO Hldgs. 10p; Wardle Storeys 10p; Williams (Rex) Leis.5p.

FIXED INTEREST STOCKS

(Table: issue price, amount paid up, latest renunciation date, 1984 high/low, stock, closing price, +or−.) Stocks listed include: Aberfoyle 8% Cnv. Uns. Ln. '95; African Dev. Bank 11¼% Ln. 2010; Automated Sec. 8% Cum Red Prf.; Comm Bk of Wales 16½% Sub Uns Ln; Fil 7.7% Cnv. Cum. Red. Prf.; Felixstowe Dock Prf. Units; Folkestone Water 11½% Red. Deb. 2004; Gartmore Amer. 11¾% Deb. 2014; Glasgow Stockholders 11¾% Deb. 2009; Grovebell 7.5% Cnv. Red. Cum. Pref.; Int.-Am. Dev. Bk. 9¾% Ln. 2015; Intl. Bk. for Recon. & Dev. 11¼% Ln. 2003; Jap. Assets Tst. 4¼% Uns. Cnv. Ln. 1994; Johnson Matthey 8% Cnv. Cum. Prf.; Lifecare Intl. 6% Cv. Cum. Red. Prf. 1999; Lon. Shop Prop. 11¼% 1st Mort. Deb. 2018; Lonrho 11¼% Deb. 2010; McCarthy & Stone 7% Cv. Ln. 99-04; Nationwide Bldg. Soc. 10¾% Bds. 2.12.85; Do. 10¾% 15.12.85; Normans Grp. 8¾% Cnv. Uns. Ln. 2006; Peel 10% Cum. Pref.; Do. 6.35% Cm. Rd. Prf. '31-36; Do. 7.75% Cm. Prf. '87-88; Simon Engn. 4% Cm. Rd. Pf. '84-96; Do. 5.4% Cm. Rd. Pf.; Sun'ld & Sth. Shields 11¾% Deb. 2005; Sweden 13¼% Ln. 2012; Tech. for Bus. 7% Cum. Cv. Rd. Pf.

"RIGHTS" OFFERS

(Table: issue price, amount paid up, latest renunciation date, 1984 high/low, stock, closing price, +or−.) Stocks listed include: Amalgamated Estates 5p; Attwoods; Bal.stow Evans 5p; Birmingham Mint; Carr's Milling; Equipu; Jacks (Wm.); LOP Hldgs.; Marshalls Halifax; Morris (W.) Fine Arts 20p; Notts. Brick; Steaua Romana R/V; Tranwood 5p; Westpac $A1.

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully-paid. ‡‡ Introduction. ☆ Unlisted Securities Market. § Placing price. † Figure assumed. †† Official London Listing ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Allied Colloids	Jan 18	Interim 1.0	*Johnson Firth Brown	Jan 9	Final nil
Assoc Dairies	Jan 11	Interim 1.25	Kenning Motor	Jan 11	Final 4.0
*Assoc Newsp.	Jan 11	Final 7.5	MFI Furniture	Jan 17	Interim 1.7
Benslord (S.&W.)	Jan 31	Final 6.5	*Magnet and Southerns	Jan 10	Interim 2.0
*Brit Telecom	Jan 10	Interim due	Mercantile House	Jan 24	Interim 3.75
Brown (J.)	Jan 31	Interim nil	Racal Elecs.	Jan 17	Interim 0.73
Centrovincial Estates	Jan 17	Interim 3.0	*Rank Org.	Jan 29	Final 6.0
Dalgety	Jan 28	Interim 2.875	Stock Conversion	Jan 30	Interim 2.0
*Daily Mail & Gen Tst.	Jan 11	Final 22.5	*Thorn EMI	Jan 10	Interim 5.0
Davy Corpn	Jan 30	Interim 1.1	Trusthouse Forte	Jan 19	Final 6.25
*Dixons	Jan 17	Interim 1.6	*Union Discount	Jan 30	Final 23
Dowty	Jan 20	Interim 1.1			
First Nat. Fin.	Jan 25	Final nil			
Fitch Lovell	Jan 12	Interim 2.5			
Guinness (A.)	Jan 17	Final 4.1			
Hogg Robinson	Jan 10	Interim 3.3			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Closing prices, December 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	15⅝	AAR	.48	2.6	14	70	18⅜	18	18⅜	+ ⅛
30½	9⅞	AGS			10	232	12¾	11⅞	12¼	− ¼
22	13½	AMCA	1	6.9		4	14⅝	14½	14½	
17⅞	13½	AMF	.50	3.6	79	380	14⅛	13⅞	14	+ ⅛
61¼	49⅝	AMF	pf 5e	10		300	50⅝	50	50⅝	− ⅛
41¼	24¾	AMR			6	4238	36½	35¼	36¼	+ ⅜
20⅞	18¼	AMR	pf2.18	11		54	19½	19¼	19¼	+ ⅛
41½	27½	AMR	pf6.15	5.7		166	37¼	36½	37¼	+ ¼
15⅞	8½	APL			9	35	11¼	10¾	10¾	− ⅛
69¾	44¾	ASA	3	6.2		465	48¾	48⅛	48½	+ ⅜
30⅝	16	AVX	.32	1.9	10	529	17⅛	16¾	17	− ¼
48⅝	36¾	AbtLab	1.20	2.9	13	1475	41⅝	40⅝	41	− ⅝
23⅞	16½	AccoWrl	s.44	2.0	18	93	22⅜	22¼	22¼	− ¼
27¼	12½	AcmeC	.40	3.0		46	13⅜	13	13⅜	
12⅞	8¼	AcmeE	.32b	3.5	13	9	9¼	9	9¼	+ ⅛
18⅜	15	AdaEx	2.11e	13		48	16⅜	16½	16⅜	+ ¼
18⅝	11½	AdmMl	.32	2.1	8	25	15⅝	15½	15½	
21½	8⅝	AdvSys	.811	6.3	16	153	9¼	9⅛	9⅛	− ⅛
41⅞	25⅛	AMD			13	2044	29¾	29⅛	29½	+ ⅛
14⅞	6⅞	Advest	.12	1.5		86	7¾	7½	7¾	+ ⅛
15⅞	6¾	Aerflex			9	60	10⅛	10	10⅛	
39	27¼	AetnLf	2.64	7.3	30	621	36⅛	35⅞	36⅛	+ ⅛
58¾	52⅞	AetL	pf5.87e	11		1	54½	54½	54½	+ ⅛
34½	15¾	Ahmns	1.20	4.7	11	207	25⅞	25½	25½	− ¼
[illegible]										

Continued on Page 13

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, December 28

Continued on Page 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 12

X—Y—Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
51½	33¼	Xerox	3	7.9	11	1999	38⅛	37⅞	38⅛	−⅛
50½	45¼	Xerox	pf5.45	11		212	49	48⅝	49	+½
36¼	19	XTRA	.28		9	57	23⅛	22⅞	23⅛	+⅛
31⅛	24	ZaleCp	1.32	5.1	8	34	26¼	25¾	25⅞	−⅛
24⅞	15¼	Zapata	.84	5.2	13	254	16½	16⅛	16¼	+⅛
49	28¾	Zayre	.40b	.9	12	576	45¾	45⅜	45⅜	−⅞
38⅝	19¾	ZenithE			7	2330	19⅞	d19½	19⅝	−⅛
27⅝	18	Zero	.40	1.6	19	25	24⅝	24	24⅝	+⅛
30½	21⅛	Zurnin	1.32	5.0	11	93	27	26½	26½	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices, December 28

Continued on Page 15

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 13

CANADA

1984 High	1984 Low	Stock	Dec. 28
27	17½	AMCA Intl.	19
33	24½	Abitibi	33
20½	10½	Agnico Eagle	11½
23¼	18	Alberta Energy	19¼
50¾	32½	Alcan Aluminium	47¼
30⅝	16½	Algoma Steel	18½
21	16	Argen Inc	17½
28¼	21½	Bank Montreal	25½
15⅝	10½	Bank Nova Scotia	13⅝
35½	29¼	BCE	35⅝
19	15½	Bombardier	18¼
25⅝	16¼	Bow Vally	17
28½	20½	BP Canada Res.	25½
42½	28½	Brascan A.	30½
2.95	1.81	Brinco	1.84
14½	8½	B.C Forest.	10½
33⅝	23½	CIL Inc	24
16⅛	10⅝	Cadillac Fairview	15
38	22⅝	Cambell Red Lk.	23½
16¼	11½	Can. Cement Pt.	11½
34½	24	Can. NW Energy.	24⅞
30	22	Can. Packers	28½
31½	19½	Can. Trustco	31½
31	22½	Can. Imp. Bank	29¼
63¼	37¼	Can. Pacific.	50
25½	18⅞	Can. Pac. Ents.	24⅝
13⅝	8⅝	Can. Tire C.	9
23⅝	9¼	Canfor.	11½
22⅛	14⅛	Carling O'Kfe.	15
22	12½	Chieftain	13¼
20⅝	12	Cominco.	12½
10	4.65	Conigas Mines.	6¼
31½	14	Cons. Bathst. A	16
3.20	0.65	Copper Lake	065
16	5½	Coremark Intl.	6½
10½	7½	Costain.	9½
23¼	13⅝	Denison Mines A	15½
25⅛	17⅛	Dofasco	23⅝
20½	8¼	Dome Mines.	9⅝
4.5	2.12	Dome Petroleum	2.20
34½	29½	Domtar.	33⅝
88	56	Falconbridge	79½
20¼	15	Fed. Inds A	20
25½	18	Grendis A	24⅝
31½	19⅝	Genstar.	26¼
26¼	11	Giant Y'knife	13
3.85	2.75	Gt. West Life	3.30
19¼	14½	Gulf Canada.	15⅝
19½	15⅞	Hawker Sid.Can.	17¼
24	17	Hudson's Bay.	17⅛
13	9¼	Husky Oil	11
47¼	31½	Imasco	47¼
45¼	33¼	Imperial Oil A	42⅝
18⅝	11½	Inco.	16
13¾	10	Indal.	11
38⅝	25⅝	Int. Pipe.	34⅝
25¼	17½	Labatt John	21¾
37½	23¼	Lac Minerals.	26
19⅝	13½	Loblaw	19
34⅝	23¼	Macmil. Bloedel.	25⅝
8½	6¼	Marks & Spencer	6¾
7.5	3.05	MasseyFerguson	3.60
42	25¼	McIntyre Mines	35½
20⅝	5½	Mitel Corpn.	7⅝
23	15¼	Molson A	16¼
60⅛	44½	Moore Corp.	59½
8½	4½	Nat. Sea Prods A	5⅛
27⅝	17⅛	Noranda Inc	17¼
19⅞	15	Norcen Energy	15¼
54⅝	39½	Nth. Telecom.	45⅛
7⅞	6½	Nova Alberta	7⅛
17⅝	12½	Numac Oil	14½
9½	4.85	Oakwood Pet.	4.85
29½	22¼	Pan Can Pet.	27½
10½	3.20	Patino	—
26½	17⅝	Placer Dev	22⅝
28⅝	17½	Power Corp.	28⅛
9¼	3.70	QuebecSturgeon	3.70
13⅝	6¼	Ranger Oil	6¼
17½	11	Reed Stenhs.	17
22½	14	Rio Algom.	20⅝
35¼	25½	Royal Bank A	30⅝
18⅝	11¼	Royal Trust A	17½
7⅛	4.80	Sceptre Res.	5¼
52	39⅞	Seagram	51⅝
11⅝	6⅞	Sears Can. Inc.	7⅝
26⅛	21	Shell Canada Oil	22
33⅛	19⅝	Stelco.	20⅝
11⅞	7⅝	Teck B.	10¼
41	34¼	Texaco Canada	35⅝
53	37	Thomson New.	50⅝
18⅝	13⅝	Toronto Dom. Bk	18⅝
24⅝	20	TrantaalaA	24½
21½	14¾	Trans. Can. Pipe.	21½
28½	21	Walker Hiram	23⅝
15⅝	13	Westcoast Tra.	15
76¼	64	Weston (Geo.)	74¼

We regret this listing is incomplete due to a computer error

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

NETHERLANDS

FRANCE

1984 High	1984 Low	Dec. 28	Price Frs.
77.4	43.7	Nord Est.	75.1
845	662	Pernod Ricard.	721
574	463	Perrier	489
313	184.5	Petroles Fra.	246.5
257.5	178.5	Peugeot S.A.	237
199.9	130.2	Printemps (Au.)	189
410	196.2	Radiotech	217
1,340	1,030	Redoute.	1,300
1,710	726	Roussel-Uclaf.	1,620
291	235	Sefimeg	289.1
1,830	1,180	Skis Rossignol	1,830
2,305	1,470	Telemech Elect.	2,300
405	239	Thomson (CSF)	402
358	205	Valeo	236

GERMANY

1984 High	1984 Low	Dec. 28	Price Dm
115.7	80	AEG-Telef.	101.1
1,147	725	Allianz Vers.	963
185.8	146.5	BASF	185.8
193.4	162.2	Bayer	193.4
335	247	Bayern-Hypo	333
358	287	Bayern-Verein.	334
316	219	BHF-Bank.	273
453	290.5	BMW	372
247.6	192.8	Brown Boveri	201
190	136.5	Commerzbank	169.1
141.8	107.4	Conti Gummi	115.2
638	515	Daimler-Benz.	592
412	338	Degussa.	346
192.5	136.5	D'sche Babcock.	164
385	302.1	Deutsche Bank	383
192	138.5	Dresdner Bank	192
166.7	126.5	GHH	160.5
625	450	Hochtief	499
195.5	155.5	Hoechst	190.7
132.5	87.5	Hoesch Werke.	98
466	349	Holzmann (P)	360
203	161	Horten	182.8
297	210	Hussel.	289.5
283	219.8	Karstadt	257.5
269.6	188	Kaufhof	220.5
284.5	212	KHD	253
78.5	47.9	Kloeckner.	70.3
418	336	Linde.	395
182.5	133	Lufthansa	188
161	125	MAN.	157.8
158	131.8	Mannesmann	149
60.5	449	Mercedes Hld.	503
249	200	Metallgesell.	217.9
1,370	910	Muench Rueck	1,050
548	458	Nixdorf	519.5
1,115	918	Porsche	1,024
288	216.5	Preussag	252
188.8	128.5	Rhein West Elect	165
291	245	Rosenthal	249.8
453	317	Schering.	453
474.2	353.5	Siemens.	474.2
94.5	69.3	Thyssen.	82.4
198	160	Varta	179
185	159.5	Veba	171.7
127.9	108.5	V.E.W	122.5
335	285	Verein-West.	303
231.8	163	Volkswagen.	204.8

ITALY

SPAIN

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SOUTH AFRICA

SINGAPORE

WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

	Dec. 28	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1984 High	1984 Low	Since Compil'tn High	Since Compil'tn Low
◆Industri'ls	1204.17	1202.52	1208.52	1210.14	1198.98	1286.64 (6/1)	1088.67 (24/7)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	72.41	72.72	72.49	72.48	72.64	72.92 (18/12)	64.81 (25/5)	—	—
Transport.	556.91	553.70	554.25	555.14	550.38	612.63 (9/1)	444.65 (26/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	146.80	146.66	146.75	147.18	145.80	149.93 (18/12)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
TradingVol 000 1	77,000	70,100	46,490	55,550	101,870	—	—	—	—

◆Day's High 1210.47 (1214.22) low 1196.11 (1199.09)

	Dec. 14	Dec. 7	Nov. 30	year ago (approx)
Industrial div. yield %	4.99	5.04	4.92	4.54

STANDARD AND POORS

	Dec. 28	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1984 High	1984 Low	Since Comp'tn High	Since Comp'tn Low
Indust'ls	185.49	184.90	185.84	186.15	184.68	191.48 (6/11)	167.74 (24/7)	194.84 (10/10/83)	3.52 (30/6/32)
Comp's'te	166.26	165.75	166.47	166.76	165.51	170.41 (6/11)	147.82 (24/7)	172.15 (10/10/83)	4.40 (1/6/32)

	Nov. 28	Nov. 14	Nov. 7	year ago (approx)
Industrial div. yield	4.12	4.07	3.95	3.72
Industrial P/E ratio	10.60	10.69	10.89	14.43
Long Gov. Bond yield	11.37	11.71	11.67	11.49

N.Y.S.E. ALL COMMON

Dec. 28	Dec. 27	Dec. 26	Dec. 24	1984 High	1984 Low
95.89	95.64	96.04	96.18	98.12 (6/11)	85.13 (24/7)

Rises and Falls

	Dec. 28	Dec. 27	Dec. 26
Issues Traded	2,008	2,013	1,966
Rises	827	575	640
Falls	645	897	736
Unchanged	536	541	590
New Highs	—	30	34
New Lows	—	25	7

TORONTO

	Dec. 28	Dec. 27	Dec. 24	Dec. 21	1984 High	1984 Low
Metals & Minerals	1920.8	1909.16	1956.5	1933.8	2634.4 (12/1)	1641.2 (25/7)
Composite	2558.0	2584.2	2583.8	2580.6	2585.7 (6/1)	2079.7 (24/7)
MONTREAL Portfolio	119.52	118.95	119.71	119.28	126.83 (10/1)	100.36 (24/6)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Comw. Ed.	2,691,700	27¾	+ 0⅛
Bell South	2,350,300	33⅞	+ 0⅛
Philips Pet.	1,531,300	45⅞	+ 0⅝
Burroughs	1,488,900	57⅞	+ 0⅛
ATT	1,264,100	19⅛	—
Toys R U S	1,112,500	39⅛	− 0⅞
Nicor	835,100	28⅛	− 0⅛
No Inds PS	780,600	11⅞	− 0⅛
Storage Tech.	674,300	2⅞	− 0⅛
N Med. Ent.	674,000	22⅞	− 0¼

	Dec. 28	Dec. 27	Dec. 24	Dec. 21	1984 High	1984 Low
AUSTRALIA						
All ord. (1/1/80)	728.1	724.2	723.2	719.7	787.9 (9/1)	546.8 (18/6)
Metals & Minls. (1/1/80)	409.4	411.0	409.5	407.9	567.4 (3/1)	394.9 (18/12)
AUSTRIA						
Credit Aktien (2/1/62)	59.37	59.1	59.2	59.2	59.37 (28/12)	53.20 (15/6)
BELGIUM						
Belgium SE (31/12/63)	158.50	158.18	158.29	157.5	165.08 (25/10)	135.28 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	167.58	167.58	166.79	166.79	225.21 (20/1)	161.78 (17/10)
FRANCE						
CAC General (31/12/82)	181.40	182.3	181.4	180.9	183.8 (28/10)	155.6 (3/1)
Ind Tendance (30/12/83)	121.0	121.5	120.8	120.6	122.8 (19/12)	98.4 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	381.18	379.79	376.56	378.56	381.18 (28/12)	317.17 (25/7)
Commerzbank (1/12/53)	1107.9	1105.5	1093.0	1093.9	1107.9 (28/12)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1186.67	1176.95	1206.83	1198.59	1205.83 (26/12)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	228.17	225.92	224.95	224.95	229.57 (1/2)	192.06 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	11542.60	11513.5	11492.2	11474.3	11577.4 (4/12)	9703.35 (25/7)
Tokyo SE New (4/1/68)	913.57	906.05	891.65	895.75	913.57 (28/12)	730.45 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	181.8	181.1	181.0	181.0	182.3 (19/12)	146.8 (25/7)
ANP CBS Indust (1970)	145.5	145.2	144.5	144.5	147.2 (19/2)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	286.77	283.37	281.16	281.16	296.70 (9/5)	221.67 (4/1)
SINGAPORE						
Straits Times (1966)	812.61	815.69	818.38	807.72	1071.91 (8/2)	785.26 (21/11)
SOUTH AFRICA						
Gold (1958)	—	954.2	(c)	974.0	1099.0 (19/11)	758.1 (24/1)
Industrial (1958)	—	922.5	(c)	923.8	1105.3 (26/3)	853.5 (19/9)
SPAIN						
Madrid SE (30/12/83)	140.66	140.50	139.92	139.75	154.51 (8/10)	102.02 (5/1)
SWEDEN						
Jacobson & P (1/1/58)	1354.48	1347.5	1355.9	1353.9	1594.5 (3/2)	1302.99 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	385.6	384.8	384.7	384.7	388.5 (3/1)	354.5 (26/7)
WORLD						
Capital Intl. (1/1/70)	—	187.10	DT 186.4	186.7	190.6 (3/5)	163.2 (14/12)

** Saturday December 22: Japan Nikkei-Dow 11,462.01. TSE 894.32.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

OVER-THE-COUNTER

Continued from Page 14

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

H–I · J–J · K–K · L–L · M–M · N–N · O–O · P–Q · R–R · S–S · T–T · U–U · V–V · W–W · X–Y–Z

BUILDING CONTRACTS

£4.4m order for William Tawse

WILLIAM TAWSE, a part of Aberdeen Construction Group, has secured a contract to build a water treatment plant in England. The contract, valued at £4.4m, has been awarded by the design and construction (east) division of the North West Water Authority. The plant is to be built at Buckton Castle about eight miles from Manchester. Tawse has already begun work and the contract is expected to take two years to complete.

★

Improvements to local authority homes are included in contracts, worth more than £2m, awarded to TARMAC CONSTRUCTION. The largest, at £917,000, is for remedial work to system-built homes at New Forest, Hampshire, for New Forest District Council. Tarmac Cubitts, part of Tarmac Construction, has a £660,000 contract for external repairs and repainting of homes at Huyton, Merseyside, for Knowsley Metropolitan Borough Council. Other Tarmac Cubitts projects include road improvement work on the A483 at Swansea, for West Glamorgan County Council (£318,000); refurbishing a canteen at Liverpool, for BAT (UK and Export) (£244,000); and converting premises at Openshaw, Manchester, into hostel accommodation for Manchester City Council (£203,00).

★

SIR ALFRED McALPINE & SON (NORTHERN) has been awarded three contracts by British Nuclear Fuels at Sellafield. The contracts total almost £1.25m. One worth £130,000 is for an extension to existing works, including drainage and fencing and will be completed in nine weeks. The second, larger contract, is worth almost £800,000. In involves construction of an access road on either side of the River Calder, and includes a 45 metre two-span reinforced concrete bridge. Work is due to finish late 1985. The third contract, worth £320,000 is for the design and construction of an insitu concrete below ground pump house on the bank of the River Calder.

APPOINTMENTS

New directors at Kleinwort Benson

Mr M. G. Baker, Mr A. B. Buckwell, Viscount Chandos, Mr I. R. Peacock, Mr D. R. Soper and Mr A. J. Sumner have been appointed to the board of KLEINWORT BENSON. Mr R. C. Ryder has been appointed to the board of Kleinwort Benson Investment Management. The following have been appointed assistant directors of Kleinwort Benson: Mr M. R. Brown, Mr J. W. B. Butterworth, Mr M. J. L. Cramsie, Mr B. M. Dean, Mr A. C. Dolbey, Mr G. H. F. Irwin, Mr M. J. D. Stallibrass and Mr D. C. Stogdale. Mr P. J. Allen, Mr D. V. Clasper and M. A. R. Gregory have become assistant directors of Kleinwort Benson Investment Management. All these appointments are effective on January 1.

★

Mr Brian Hoggett, chairman of HOGGETT BOWERS, died suddenly on December 19. Group managing director Mr John Featherstone has taken over as chairman.

★

Mr Alex Miller has been appointed deputy managing director of AMARI. He remains managing director of Aalco, with responsibility for the group's metals and plastics stockholding activities. Mr David Taylor becomes a director while remaining a director of Amari International and deputy managing director of Aalco. Mrs Nicola Brookes has also been appointed to the Amari board.

★

STURGE HOLDINGS has appointed Mr Peter J. Rawlins as a director from March 1. Subject to the approval of the committee of Lloyd's, Mr Rawlins will also be appointed managing director of A. L. Sturge (Management), the main operating subsidiary of the Sturge Group, which trades under the name of R. W. Sturge and Company. Mr Rawlins is a partner with Arthur Andersen and Company.

★

Mr Anthony Vicars-Miles has been appointed a director of SHELL UK, responsible for planning and public affairs. Mr Sam Galacher, director public affairs, has retired.

★

The ASSOCIATION OF DISTRICT COUNCIL TREASURERS has elected the following officers for 1985/86:—president—Mr R. T. Pace (Wealden District Council); vice-president—Mr G. H. Longden (Hove Borough Council); past president—Mr S. W. Capon (Canterbury City Council); hon secretary—Mr A. Scholes (Norwich City Council); and hon treasurer—Mr J. M. Rogers (Eastbourne Borough Council).

★

Mr Brian Hamblin has been appointed a partner in the Leicester office of PANNELL KERR FORSTER. He was a manager. Mr Hamblin will have special responsibility for the firm's management services and insolvency departments.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

January 2-13
London International Boat Show—trade only Jan 2 (0932 45411) **Earls Court**

January 7-10
International Amusement Trades Exhibition (01-228 4107) **Olympia**

January 8-10
CADCAM International Show (01-837 3699) **NEC, Birmingham**

January 12-17
Harrogate International Toy Fair (01-226 6053) **Harrogate**

January 15-18
Which computer? Show (01-891 5051) **NEC, Birmingham**

January 17-20
Ideal Home Exhibition (0202 886933)
Metropolitan Exhibition Hall, Brighton

January 20-24
International Lightshow Exhibition (05884 658) **Olympia**

January 26-30
Stationery Industry Exhibition—STATINDEX (01-385 1200) **Olympia**

January 26-30
British Toy and Hobby Fair (01-701 7127) **Earls Court**

January 30-February 3
International Swimming Pool and Leisure Show. (Trade: Jan 30-31) (073522 2875)
Wembley Conference Centre

February 3-7
International Spring Fair: Gift Show (01-855 9201); Hardware and Housewares Show (0604 22023) **NEC, Birmingham**

February 8-10
Cruft's Dog Show (01-493 7838) **Earls Court**

February 10-13
International Men's and Boy's Wear Exhibition (021 705 6707) **Olympia**

OVERSEAS TRADE FAIRS

January 7-10
International Hotel and Catering Industries Trade Fair—HORECAVA (01-437 2175) **Amsterdam**

January 10-14
International Furniture Exhibition (01-439 3964) **Paris**

January 13-16
Fashion Show (01-486 8686) **Rio de Janeiro**

January 21-25
International Record and Music Publishing Market — MIDEM (01-499 2317) **Cannes**

January 30-February 2
International Instrument Control, Automation Measurement and Testing Show — INSTRUMENTASIA (01-486 1951) **Singapore**

January 30-February 2
The International Building Materials and Systems Show (01-486 1951) **Hong Kong**

February 4-7
Middle East Electronic Communications Show and Conference—MECOM (01-486 1951) **Bahrain**

February 8-17
International Boat Show (01-486 1951) **Helsinki**

February 20-24
International Holiday Fair and Exhibition — FERIENMESSE INTERNATIONAL (01-891 2606) **Vienna**

BUSINESS CONFERENCES

January 3-4
Imperial College: Seminar on fifth generation computer software and its relevance to industry and commerce (01-589 5111)
London University, SW7

January 20-25
Tavistock Institute/Institute of Human Relations (Zurich); 1985 Tavistock working conference on rethinking, implementing and managing organisational change (01-435 7111) **Minster Lovell**

January 22-23
FT Conference: Pensions in 1985 (01-621 1355)
Inter Continental Hotel, W1

January 22
The Institute of Purchasing and Supply: Basic arts of buying (0780 56777)
Cumberland Hotel, W1

January 23-25
Management Centre Europe: Business frauds—their prevention and detection (Brussels (02) 516 19 11) **Portman Hotel, W1**

January 28-30
FT Conference: Seminar on the City as a financial and trading centre (01-621 1355)
Skinners' Hall, EC4

January 30-March 6
IPM: Flexibility in working time-cost effective initiatives for managers (01-946 1000)
Embassy Hotel, W2

January 30
Chatham House: Indonesia at the start of the fourth five-year plan (01-930 2233) **London, SW1**

January 31
Foundation for Science and Technology: Seminar on technology transfer within the EEC (01-608 0421)
RSA House, London

February 4-8
Risk Reasearch Group: Reinsurance practice (01-236 2175)
Kensington Palace Hotel, W8

February 7-8
Brunel Institute: Organisational design and levels of management (0895 56461) **Uxbridge**

February 14-15
Oyez/IBC: The cost and application benefits of Micro CAE (01-437 9090) **Cafe Royal, W1**

February 14-15
Risk Research Group: The future of Lloyd's (01-236 2175)
Great Eastern Hotel, EC2

February 18-19
Open Computer Security: The International Data Security Conference 1985 (0273 672191)
Dorchester Hotel, W1

February 20-21
FT Conference: The Third Automated Manufacturing Conference—Challenges for management (01-621 1355)
Inter Continental Hotel, W1

February 26
Longman Seminars: Will drafting (01-242 2548)
Barbican Centre

February 21
IWP: Text Communications 1985 (01-242 4141) **London**

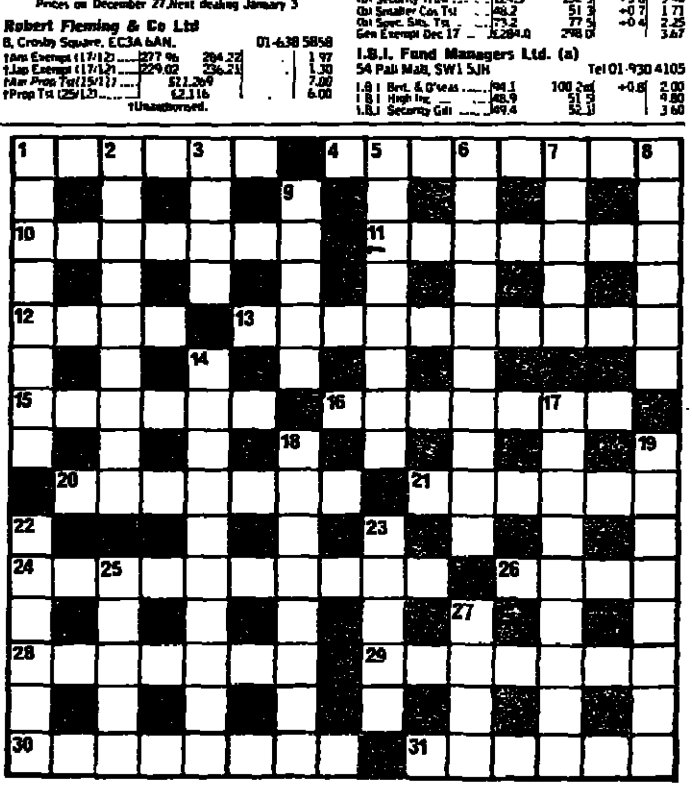
Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,606



ACROSS

1 Finish before 1.50 in new shop (6)
4 Living with a grace that's unusual after six (8)
10 The Boys Brigade song I transposed is about animals (7)
11 They may be pressed to provide sound entertaintainment (7)
12 Work brought back again by a *cruel person* (4)
13 One of the main safety features (10)
15 Broke in, and felt sorry about that (6)
16 Shell find the RAC unusually patient (7)
20 Action taken about clumsy Tom being relegated (7)
21 Nonsense, doctor, I've left! (6)
24 Hires a leading clerk to bring in the letters (10)
26 Break for a quick bite (4)
28 Native boy follows a horse (7)
29 Fancy me sitting in a broken chair! (7)
30 Regretted having tardy people taken in by the front door (8)
31 A spanner the lady in uniform takes to church (6)

DOWN

1 Margaret gets a supply of food for keeping the scores (8)
2 One chap standing in a queue for a rake (9)
3 Block a set of pipes (4)
5 Paddy, the Holyhead chap, follows the flag (8)
6 Maybe reach to pay the chemist (10)
7 Due round about one, after a parting word (5)
8 In the finish the girl followed (6)
9 Moving song about an empty street (5)
14 After last month there's talk of an award (10)
17 Number of flat found in the teens, conceivably (9)
18 A few words which may be pronounced (8)
19 The PDSA lash out in a careless manner (8)
22 Write carelessly "Sarah started to swim" (6)
23 First-rate joke (5)
25 A sudden fright will wake you up (5)
27 Support the *mole*! (4)

The solution to last Saturday's puzzle will be published with names of winners next Saturday.

هكذا من الاصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Gilt&OptFd £1.20 1.26 .... 5.00
U.S. & Opt $0.94 0.99 .... —

World Wide Growth Management
10a Boulevard Royal, Luxembourg.
Inv. Adv. M & G Inv. Mngt. Ltd. London.
WwdGthFd $1.20 — −0.10 —

Wren Commodity Management Ltd
10 St George St. Douglas, IoM. 0624 25015

Wren Com Fd	12.7	13.2	....	3.10
Chinese Fd	58.8	61.2	....	1.70
PrecMetFd	80.3	83.6	....	8.30
VangCmdyFd	22.8	23.4	....	—
FinMuturesFd	32.4	33.8	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.
Dynamic Grth Fd $8.77 −0.05 —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC46 4ST. 01-236 0952				
Call Fund	8.89	9.09	6mth	Call
7-day Fund	9.39	9.61	6mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	8.68	8.86	6mth	Call
7-day Fund	8.93	9.12	6mth	Call
Mny Mp Ac	8.625	8.908	6mth	Call
Dollar	7.06	7.18	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume 70 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.375	9.71	Qtr	Call
MthIntChq	9.25	9.65	Mth	Call
Bank of Scotland 38 Threadneedle St. EC2P 2EH. 01-628 8060				
Cheque Acc	9.25	9.65	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int Chq	9.25	9.57	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circ. EC2M 5QL. 01-555 2777				
Cater Allen	9.00	9.38	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	9.00	9.381	Mth	Call
U.S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Choulartons 30 Ashley Rd, Altrincham, Cheshire, WA1 7DW. 061-929 9011				
Cheque Acc	9.75	10.20	Mth	Call
Co-operative Bank 78-80 Cornhill, EC3. 01-626 6543 Ext 465				
Under £1,000	8.00	8.24	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	9.50	89.94	Qtr	Call
Henderson/Bank of Scotland 38 Threadneedle St. EC2. 01-628 8060				
MyMtChqAc	9.25	9.65	Mth	Call
Lombard North Central plc 17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	9.75	10.12	Rate	14-day
M & G Kleinwort Benson 91-99 New London Rd. Chelmsford. 0245 51651				
HighIntChqAc	9.30	9.74	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	9.30	9.62	Qtr	Call
Save & Prosper/Robert Fleming 28 Western Rd. Romford. RM1 3LB. 0708 66966				
HighIntMkAc	9.00	9.41	Daily	Call
Premier Acc	9.00	9.41	Daily	Call
Tyndall & Co 29-33 Princess Victoria St. Bristol BS8 4BX. 0272 732241				
Demand Acc	9.13	9.47	Qtr	Call
Money Acc	9.25	9.57	Qtr	Chq!7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth. 0705 827733				
Special Acc	8.85	9.21	Mth	Call
Over £10,000	9.10	9.48	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last columns) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22 Aug	22 Feb	Treas. 15pc 1985	100 13/16	16.7	14.91	10.07
22 Sep	22 Mar	Exch. 12pc Cnv. '85	100½	16.8	11.94	9.52
21 Nov	21 May	Treas 3pc 1985	97 3/16	15.10	3.08	9.89
15 Jan	15 Jul	Treas 11½pc 1985	100⅞	10.12	11.40	9.92
3 Mar	3 Sep	Treas 8¾pc Cnv '85	99 1/16	30.7	8.83	10.15
22 May	22 Nov	Exch. 12¼pc 1985	101 11/16	16.10	12.05	10.21
25 Aug	25 Feb	Exch. 11¾pc '86	101¼	9.93	11.60	10.47
11 Oct	11 Apr	Treas. 10pc Cnv 1986	99 5/16	4.9	10.06	10.44
19 Nov	19 May	Treas 3pc 1986	93¼	15.10	3.22	8.37
19 Nov	19 May	Exch. 10½pc Cv '86	100	15.10	10.50	10.50
12 Dec	12 Jun	Treas 12pc 1986	101 11/16	5.11	11.80	10.70
10 Jan	10 Jul	Treas 8¼pc 1984-86‡‡	97¼	4.12	8.75	10.63
29 Apr	29 Oct	Exch. 14pc 1986	105 3/16	24.9	13.31	10.75
21 May	21 Nov	Exch. 2½pc 1986	88 11/16	15.10	2.82	9.06
22 Jul	22 Jan	Exch. 13¾pc 1987	104 3/16xd	17.12	12.69	10.82
10 Aug	10 Feb	Treas 10¼pc Cv '87	98 11/16	4.7	10.39	10.91
24 Aug	24 Feb	Exch 2½pc 1987	86 5/16	18.7	2.89	9.54
6 Oct	6 Apr	Exch. 10½pc 1987	99 5/16	3.9	10.59	10.89
1 Nov	1 May	Funding 6½pc '85-87‡‡	91½	25.9	7.10	10.71
12 Dec	12 Jun	Treas. 10pc 1987	98 5/16	5.11	10.18	10.86
14 Jan	14 Jly	Treas 3pc 1987	85 5/16	10.12	3.51	9.56
3 May	3 Nov	Treas. 12pc 1987	102¼	27.9	11.72	10.98
26 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	92½	20.12	8.38	10.69
10 Nov	10 May	Exch 10½pc '88	98 5/16	4.10	10.68	11.11
14 Dec	14 Jun	Treas 9¾pc Cv '88	96¼	7.11	10.14	11.13
1 Jan	1 Jul	Transport 3pc '78-88	81 13/16	25.5	3.66	9.15
25 Apr	25 Oct	Treas. 9½pc '88	94¾	18.9	10.03	11.21
22 Aug	22 Feb	Treas 11½pc 1989	101	16.7	11.39	11.16
18 Oct	18 Apr	Treas 9½pc Cnv. '89	94 11/16	11.9	10.03	11.07
14 Dec	14 Jun	Treas 10½pc 1989	97 13/16	7.11	10.73	11.13
1 Feb	1 Aug	Exch 10pc 1989	95 11/16xd	27.12	10.44	11.22
29 Mar	29 Sep	Exch 11pc 1989	99¼	—	11.10	11.21
15 Apr	15 Oct	Treas 5pc 1986-89	81 5/16	10.9	6.15	9.99

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15 Jul	15 Jan	Treas 13pc 1990‡‡	106½xd	10.12	12.16	11.18
22 Sep	22 Mar	Exch. 12½pc 1990	108	16.8	11.95	11.31
15 Dec	15 Jun	Treas 8¼pc 1987-90‡‡	90½	8.11	9.15	10.68
25 Apr	25 Oct	Treas. 10pc Cv 1990	94½	18.9	10.56	11.26
10 Ja	10 Jan	Treas 11¾pc 1991	101¼xd	4.12	11.57	11.39
5 Oct	5 Apr	Funding 5¾pc '87-91‡‡	82½	3.9	7.09	9.85
25 Apr	25 Oct	Exch. 11pc 1991	100⅜	18.9	11.16	11.28
22 Jly	22 Jan	Treas 12¾pc 1992‡‡	105⅞xd	17.12	11.96	11.37
21 Aug	21 Feb	Treas 10pc 1992	97¾	16.7	10.64	11.22
7 May	7 Nov	Treas 10½pc Cv 1992‡‡	99¾	—	10.88	11.19
25 Feb	2 Aug	Exch. 12¼pc '92	108¼	19.7	11.80	11.47
22 Mar	22 Sep	Exch 13½pc 1992	113¼	16.8	12.31	11.55
14 Jan	14 Jul	Treas 12½pc 1993‡‡	105¾xd	10.12	11.82	11.44
15 Mar	15 Sep	Funding 6pc 1993‡‡	78¼	9.8	7.81	10.04
23 May	23 Nov	Treas 13¾pc 1993‡‡	113⅞	17.10	12.23	11.47
1 Sep	1 Mar	Treas 14½pc 1994‡‡	122¾	26.7	12.31	11.32
27 Oct	27 Apr	Exch 13½pc 1994	113¼	20.9	12.12	11.47
22 Feb	22 Aug	Exch. 12½pc 1994	110½	16.7	11.79	11.44
17 May	17 Nov	Treas 9pc 1994‡‡	89¾	11.10	10.19	10.96
25 Jul	25 Jan	Treas 12pc 1995	102¾xd	19.12	11.64	11.49
1 Nov	1 May	Gas 3pc '90-95	64	25.9	4.72	8.34
21 Jan	21 Jul	Exch 10¼pc 1995	93¾xd	17.12	10.92	11.27
15 May	15 Nov	Treas 12¾pc 1995‡‡	110¼	9.10	11.74	11.34
22 Jly	22 Jan	Treas. 14pc '96	115xd	17.12	12.09	11.45
15 Sep	15 Mar	Treas 9pc 1992-96‡‡	90½	9.8	10.26	10.92
3 Nov	3 May	Treas 15¼pc 1996‡‡	126½	27.9	12.30	11.42
15 Nov	15 May	Exch 13¼pc 1996‡‡	114¼	9.10	11.76	11.29
1 Apr	1 Oct	Redemption 3pc 1986-96	69¼	28.8	4.38	6.97
22 Jul	22 Jan	Treas 13¼pc 1997‡‡	112½xd	17.12	11.69	11.22
21 Aug	21 Feb	Exch 10½pc 1997	99¼	16.7	10.94	11.10
1 Mar	1 Sep	Treas 8¾pc 1997‡‡	88¼	26.7	10.25	10.90
27 Apr	27 Oct	Exch. 15pc 1997	126¼	20.9	12.14	11.44
19 Jly	19 Jan	Exch. 9¾pc 1998	91¼xd	13.12	10.63	10.96
19 July	—	Ex 9¾pc '98A (£60pd)	59	—	10.60	10.91
1 Nov	1 May	Treas 6¾pc 1995-98‡‡	73½	25.9	9.31	10.66
30 Mar	30 Sep	Treas. 15½pc '98‡‡	132¾	24.8	12.04	11.32
20 May	20 Nov	Exch. 12pc 1998	107¼	15.10	11.32	11.13
15 Jul	15 Jan	Treas 9½pc 1999‡‡	90¼xd	10.12	10.48	10.82
26 Sep	26 Mar	Exch. 12¼pc 1999	111¼	20.8	11.34	11.11
19 Nov	19 May	Treas. 10½pc 1999	98¼	15.10	10.82	10.91
22 May	22 Nov	Conversn 10¼pc 1999	96½	16.10	10.76	10.89

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
14 Jan	14 Jul	Treas. 13pc 2000	113⅞xd	10.12	11.37	11.05
22 Nov	22 May	Treas. 14pc '98-01	120¼	16.10	11.80	11.27
22 Jul	22 Jan	Exch. 12pc '99-02	106½xd	17.12	11.23	11.04
11 Apr	11 Oct	Conv. 10pc 2002	97⅞	4.9	10.45	10.54
25 Jan	25 Jul	Treas. 13¾pc 2000-03	119¾xd	19.12	11.45	11.04
19 Sep	19 Mar	Treas. 11½pc 2001-04	109¼	13.8	10.85	10.71
14 Jan	14 Jul	Funding 3½pc '99-04	48xd	10.12	7.27	9.31
21 May	21 Nov	Treas. 12½pc 2003-05	116½	15.10	10.87	10.64
5 Apr	5 Oct	Treas. 8pc 2002-06‡‡	83½	3.9	9.82	10.12
22 Jly	22 Jan	Treas. 11¾pc 2003-07	108¾xd	17.12	10.78	10.63
26 Sep	26 Mar	Treas. 13½pc '04-08	126½	20.8	10.98	10.66
10 Mar	10 Sep	Treas. 5½pc 2008-12‡‡	61½	6.8	9.16	9.66
26 Jly	26 Jan	Treas. 7¾pc 2012-15‡‡	79¾xd	20.12	9.71	9.86
12 Jun	12 Dec	Exch. 12pc '13-'17	117⅜	5.11	10.26	10.17

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1 Feb	1 Aug	Consols 4pc	38⅞xd	27.12	10.20	—
1 Jun	1 Dec	War Loan 3½pc‡‡	35½	25.10	9.94	—
1 Apr	1 Oct	Conv. 3½pc '61 Aft.	42⅞	28.8	8.33	—
5 Ap	5 Oct	Treas. 3pc '66 Aft.	30	3.9	10.24	—
5 Ja Ap Jy Oc		Consols 2½pc	24¾xd	3.9	10.09	—
1 Apr	1 Oct	Treas. 2½pc	25	28.8	10.25	—

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ÷ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ll No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	98		Arnott	150	
Craig & Rose £1	£11		CPI Hldgs	49	
Finlay Pkg 5p	44		Carrol Inds	86½	
Higsons Brew	83		Dublin Gas	45	
Holt (Jos) 25p	880		Hall (R. & H.)	43	
IoM Stm. £1	120		Heiton Hldgs.	14½	
IRISH			Irish Ropes	32xd	
Exch. 12% 1985	£98¼		Jacob (W & R.)	65	
Nat. 9¾% 84/89	£83		TMG	72	
Fin. 13% 97/02	£87¾		Unidare	78	

OPTIONS — 3-month call rates

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Barclays Bank	42	Ladbroke	20	MEPC	30
Beecham	38	Legal & Gen	42	Peachey	24
Blue Circle	46	Lex Service	32	Samuel Props	14
Boots	18	Lloyds Bank	42	Sterling Guar.	5½
Bowaters	16	Lucas Inds	24		
Brit Aerospace	34	Marks & Spcr	10	Oils	
Brit. Telecom	7½	Midland Bk	33	Brit. Oil & Min	4½
Brown (J.)	3	NEI	9	Brit Petroleum	38
Burton Ord	32	Nat West Bk	54	Burmah Oil	19
Cadburys	14	P & O Dfd.	24	Charterhall	6
Comm Union	15	Plessey	20	Premier	6
Courtaulds	11	Polly Peck	25	Shell	55
Debenhams	19	Racal Elect	24	Tricentrol	22
Distillers	24	RHM	10	Ultramar	22
Dunlop	5	Rank Org Ord	24		
FNFC	7	Reed Intnl	50	Mines	
Gen Accident	42	Sears	7	Charter Cons	21
Gen Electric	20	TI	18	Cons Gold	42
Glaxo	90	Tesco	8	Lonrho	14
Grand Met	26	Thorn EMI	42	Rio T Zinc	60
GUS 'A'	55	Trust Houses	12		
Guardian	58	Turner Newall	9		
GKN	16	Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 10

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Will demand ever falter?

BY COLIN MILLHAM

A dealer from one of the leading London bullion houses remarked recently that several of the young men trading gold at the moment have never seen a bull market. The opposite could be said for many foreign exchange dealers, who have not yet witnessed a bear market in the dollar.

Whether this situation will change in 1985 is anyone's guess. Ask five or six dealers where the dollar will be in 12 months' time and the answers will be extremely varied. For this reason the U.S. currency is likely to remain cautiously firm at the beginning of the year.

Interest rates have fallen as the speed of economic growth in the U.S. has slackened, but the latest figures seem to indicate that the rate of growth is again picking up. At the same time the November figure on the Federal budget deficit was above expectations and the market is now looking for a total deficit of around $220bn for the current financial year. If these factors put a platform under interest rates the market's confidence in the dollar may be well placed, but it would be just as easy to argue that U.S. interest rates have already fallen substantially, that economic growth is now much slower than in the first half of 1984, and that a downward correction in the dollar's value is long overdue.

Commercial demand was expected to keep the dollar firm at the year-end, and in a thin market the currency rose to a record high on the Bank of England's exchange rate index, and to the highest level against the D-mark for 11½ years.

It may be that there is not too much substance underpinning these very high levels for the dollar, but very soon the major international banks will return to the market to take out new positions. When this happened at the beginning of 1984 it sent the currency racing up to record levels, and demand has hardly faltered throughout the year. Even as late as the end of August dealers were sceptical of the dollar's ability to break through DM3.00, but the question now is: will it sink back below that level or march on towards DM 3.50?

STERLING EXCHANGE RATE INDEX (Bank of England)

	Dec 28	Previous
8.30 am	73.0	73.3
9.00 am	73.1	73.4
10.00 am	73.1	73.3
11.00 am	73.3	73.4
Noon	73.2	73.4
1.00 pm	73.2	73.4
2.00 pm	73.1	73.3
3.00 pm	73.1	73.3
4.00 pm	73.2	73.3

£ in New York

	December 28	Prev. close
£ Spot	$1.1650-1.1660	$1.1595-1.1605
1 month	0.12-0.11 prem	0.10-0.08pm
3 months	0.34-0.31 prem	0.29-0.25pm
12 months	0.30-0.20 prem	0.15-0.25pm

Forward premiums and discounts apply to the U.S. dollar.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.1640	1.1630	1.1610	1.1603	1.1623
D-Mark	3.6575	3.6449	3.6200	3.5827	3.5077
French Franc	11.1800	11.1917	11.2062	11.2465	11.3290
Swiss Franc	3.0075	2.9045	2.8700	2.9317	2.8564
Japanese Yen	291.50	290.66	288.92	286.39	281.14

BANK OF ENGLAND TREASURY BILL TENDER

	Dec. 28	Dec. 21		Dec. 28	Dec. 21
Bills on offer	£100m	£100m	Top Accepted rate of discount	9.1250%	9.1250%
Total of applications	£508m	£428m	Average rate of discount	9.1225%	9.0905%
Total allocated	£100m	£100m	Average yield	9.35%	9.33%
Minimum accepted bid	£97.725	£97.725	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	36%	28%			

POUND SPOT—FORWARD AGAINST POUND

Dec 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1570-1.1665	1.1635-1.1645	0.12-0.09c pm	1.08	0.32-0.28 pm	1.03
Canada	1.5340-1.5390	1.5345-1.5375	0.03-0.12c dis	−0.59	0.05-0.17dis	−0.29
Nethlnd.	4.11-4.14¼	4.12-4.13	1¾-1¼c pm	4.36	4¾-3¾ pm	4.18
Belgium	72.96-73.58	73.35-73.45	5-10c dis	−1.23	8-18 dis	−0.71
Denmark	13.07-13.12	13.07¾-13.08¾	2¼-3¼ore dis	−2.46	4⅞-6 dis	−1.66
Ireland	1.1696-1.1751	1.1710-1.1720	0.46-0.63p dis	−5.58	1.28-1.58dis	−4.88
W. Ger.	3.63½-3.66½	3.65¼-3.66¼	1⅜-1⅛pf pm	4.10	4-3¾ pm	4.17
Portugal	196.35-198.15	196.40-197.80	180-595c dis	−23.59	525-1640dis	−21.97
Spain	201.35-202.10	201.35-201.85	50-65c dis	−3.42	160-185 dis	−3.42
Italy	2,223-2,259¼	2,238½-2,239½	7-12 lire dis	−5.09	21-27 dis	−4.29
Norway	10.54-10.58	10.54¼-10.55¼	2¼-3¼ore dis	−3.13	7½-8½ dis	−2.89
France	11.13½-11.23¼	11.17½-11.18½	⅞-1¼c dis	−1.27	1⅞-3 dis	−0.87
Sweden	10.42-10.45½	10.42½-10.43½	1½-2ore dis	−1.94	4¼-5 dis	−1.82
Japan	289¾-292	291-292	0.89-0.81y pm	3.50	2.63-2.50 pm	3.52
Austria	25.60-25.70	25.63-25.67	8-4⅞gro pm	2.54	18¼-15 pm	2.58
Switz.	2.99½-3.02¼	3.00½-3.01½	1½-1¼c pm	5.24	4-3¾ pm	5.07

Belgian rate is for convertible francs. Financial franc 73.65-73.75. Six-month forward dollar 0.40-0.35c pm, 12-month 0.25-0.10c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1570-1.1665	1.1635-1.1645	0.12-0.09c pm	1.08	0.32-0.28 pm	1.03
Ireland†	0.9915-0.9955	0.9920-0.9940	0.57-0.52c pm	6.58	1.46-1.36 pm	5.63
Canada	1.3195-1.3210	1.3200-1.3210	0.17-0.20c dis	−1.68	0.41-0.46dis	−1.32
Nethlnd.	3.5525-3.5620	3.5520-3.5570	0.90-0.86c pm	2.97	2.61-2.57 pm	2.90
Belgium	62.88-63.18	62.90-63.00	9-10c dis	−1.80	21-23 dis	−1.39
Denmark	11.18-11.27¾	11.24-11.25	2¼-3ore dis	−2.94	6¾-7½ dis	−2.54
W. Ger.	3.1250-3.1530	3.1435-3.1445	0.85-0.80pf pm	3.16	2.45-2.40 pm	3.09
Portugal	168¾-170¼	169-170	175-525c dis	−24.78	500-1450dis	−23.01
Spain	173.05-173.80	173.35-173.50	60-70c dis	−4.50	160-180 dis	−3.92
Italy	1,922-1,939	1,923-1,924	9-9½ lire dis	−5.72	26-27 dis	−5.47
Norway	9.05-9.10¼	9.06½-9.07½	3.20-3.70ore dis	−4.57	8.75-9.25dis	−3.97
France	9.60-9.65½	9.61-9.61½	1.90-2.10c dis	−2.49	4.50-5.00dis	−1.98
Sweden	8.94½-8.99¼	8.96-8.97	1.90-2.40ore dis	−2.88	6.15-6.65dis	−2.86
Japan	249.90-250.55	250.35-250.45	0.53-0.49y pm	2.45	1.60-1.55 pm	2.52
Austria	21.98-22.14¼	22.05-22.10	3.00-2.40gro pm	1.47	9.50-7.50 pm	1.54
Switz.	2.5700-2.6000	2.5900-2.5910	0.98-0.90c pm	4.32	2.56-2.50 pm	3.92

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.25-63.35.

OTHER CURRENCIES

Dec. 28	£	$		£ Note Rates
Argentina Peso	203.03-203.56	174.88-175.03	Austria	25.50-25.80
Australia Dollar	1.4025-1.4045	1.2070-1.2075	Belgium	73.15-73.95
Brazil Cruzeiro	3,678.84-3,708.00	3,168-3,184	Denmark	13.00-13.13
Finland Markka	7.5795-7.6125	6.5180-6.5230	France	11.18-11.28
Greek Drachma	148.00-150.98	127.31-129.88	Germany	3.64-3.68
HongKong Dollar	9.0900-9.1075	7.8150-7.8200	Italy	2230-2265
Iran Rial	111.70*	93.25*	Japan	291-294
KuwaitDinar(KD)	0.35367-0.35458	0.30420-0.30430	Netherlands	4.12-4.16
Luxembourg Fr.	73.35-73.46	62.90-63.00	Norway	10.50-10.60
Malaysia Dollar	2.8170-2.8260	2.4210-2.4260	Portugal	201-207
New Zealand Dlr.	2.4395-2.4445	2.0955-2.0985	Spain	198-208
Saudi Arab Riyal	4.1610-4.1710	3.5810-3.5820	Sweden	10.37-10.48
Singapore Dollar	2.5295-2.5365	2.1710-2.1760	Switzerland	2.99-3.03
Sth African Rand	2.2975-2.3070	1.9840-1.9880	United States	1.15½-1.17½
U.A.E. Dirham	4.2680-4.2770	3.6720-3.6730	Yugoslavia	2.76-306

* Selling rates.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.7451	−0.35	+0.19	±1.5428
Danish Krone	8.14104	7.98550	−1.91	−1.37	±1.6421
German D-Mark	2.24184	2.23139	−0.47	+0.07	±1.1463
French Franc	6.87456	6.83034	−0.64	−0.10	±1.3659
Dutch Guilder	2.52595	2.51938	−0.26	+0.28	±1.5165
Irish Punt	0.72569	0.715379	−1.42	−0.88	±1.6671
Italian Lira	1403.49	1368.84	−2.47	−2.43	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Dec 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	73.2	−17.2
U.S. dollar	144.6	+30.5
Canadian dollar	90.7	−3.1
Austrian schilling	110.1	+3.4
Belgian franc	88.6	−10.5
Danish Kroner	76.3	−5.3
Deutsche mark	120.3	+5.8
Swiss franc	139.4	+9.4
Guilder	109.9	+2.9
French franc	63.5	−16.5
Lira	46.6	−13.6
Yen	155.7	+11.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 28	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.843050	0.610479
U.S. $	8	0.981985	0.711086
Canadian $	10.09	*	0.938776
Austria Sch.	4½	21.6528	15.6581
Belgian Fr.	11	61.7669	44.7451
Danish Kr.	7	11.0528	7.98550
Dmark	4½	3.08343	2.23139
Guilder	5	3.47574	2.51938
French Fr.	9½	9.41920	6.83034
Lira	16½	N/A	1368.84
Yen	5	245.742	177.914
Norway Kr.	8	8.92133	6.44600
Span'h Pta	½	170.276	123.302
Swedish K.	9	8.82756	6.37133
Swiss Fr.	4	2.53843	1.83816
Greek Dr'ch	20½	N/A	91.0190
Irish Punt	12¾	N/A	0.715379

*CS/SDR rate for December 27 :1.29856.

EXCHANGE CROSS RATES

Dec. 28	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.164	3.658	291.5	11.18	3.008	4.125	2239.	1.536	73.40
U.S. Dollar	0.859	1.	3.144	250.4	9.613	2.591	3.553	1924.	1.320	62.95
Deutschemark	0.273	0.318	1.	79.70	3.057	0.822	1.128	612.2	0.420	20.07
Japanese Yen 1,000	3.431	3.993	12.55	1000.	38.36	10.32	14.15	7681.	5.269	251.8
French Franc 10	0.894	1.041	3.271	260.7	10.	2.690	3.690	2003.	1.374	65.65
Swiss Franc	0.333	0.387	1.216	96.92	3.717	1.	1.372	744.5	0.511	24.41
Dutch Guilder	0.242	0.282	0.887	70.67	2.710	0.729	1.	542.8	0.373	17.79
Italian Lira 1,000	0.447	0.520	1.634	130.2	4.993	1.343	1.842	1000.	0.686	32.78
Canadian Dollar	0.651	0.758	2.381	189.8	7.279	1.958	2.686	1458	1.	47.79
Belgian Franc 100	1.362	1.586	4.983	397.1	15.23	4.097	5.620	3050.	2.093	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	9⅜-9½	8⅝-8¾	11-11½	5 11/16-5 13/16	3½-4	5 11/16-5 13/16	11-11⅛	—	11-11¼	10¾-11	6-6⅛	12¼-12¾
7 days' notice	9¼-9½	8⅜-8½	9¾-10	5 11/16-5 13/16	3¼-3½	5 11/16-5 13/16	10⅞-11	11-12½	10½-11¼	10¾-11	6⅛-6¼	11⅞-12⅜
Month	9⅝-9¾	8⅜-8½	10-10½	5 11/16-5 13/16	4⅛-4¼	5 11/16-5 13/16	10⅝-10⅞	13⅞-14⅝	10½-11	10⅝-10⅞	6⅛-6¼	11⅝-12⅛
Three months	9½-10 1/16	8⅝-8¾	10-10½	5¾-5⅞	4⅜-4½	5 13/16-5 15/16	10½-10¾	14⅛-14⅝	10½-11	10⅝-10⅞	6⅛-6¼	11½-12
Six months	10⅛-10¼	9⅛-9¼	10½-10⅝	5 15/16-6 1/16	4¼-4⅜	5 15/16-6 1/16	11-11⅛	14¼-14⅝	10⅝-10⅞	10⅝-10⅞	6⅛-6¼	11⅝-11¾
One year	10¼-10½	9½-9⅝	10⅞-10⅝	6⅛-6¼	4¼-4½	6⅝-6¾	11⅛-11⅝	14⅜-14⅞	10½-11	10⅝-10⅞	6¼-6⅜	11⅛-11⅝

Asian $ (closing rates in Singapore): Short-term 10⅛-10¼ per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Little sign of concern

It has been a relatively steady year for London interest rates. Apart from a hiccup in mid-summer, when bank base rates touched 12 per cent, the general level has been around 9 to 10 per cent.

A weak pound and some concern about the money supply have been the reasons for any upward pressure on rates, and in July it was a combination of both that pushed base rates up 2 per cent to the year's peak. Monthly sterling M3 rose by an unexpectedly large 2 per cent and sterling fell to a record trading low at that time of $1.2975.

Towards the end of the year the market had become more accustomed to such figures however, and the rise of 2.7 per cent in M3 during November, while the pound plunged to ever lower depths, appearing at times to be threatening the $1.15 level, produced hardly a ripple of concern.

It must be admitted that M3 was heavily distorted by money on deposit awaiting the British Telecom share issue, and that the November money supply was never expected to be anything like as good as October's rise of only ½ per cent, which at the time encouraged one of the several cuts in base rates seen during November.

The authorities have also shown little concern at the decline in sterling's value against the dollar and major currencies in general. The weakness has been partly due to the strength of the U.S. currency and the fall in world oil prices, including North Sea crude on the European spot market.

Oil has been very much the catalyst producing the deterioration in the pound, and on that basis a rise in interest rates may prove of limited value.

This means that although sterling has fallen from a peak of over $1.48 at the end of February to the present level, interest rates are little different now from the early part of the year.

Base rates were 9 per cent in January, falling to a low of 8½ per cent in March, and now stand at 9½-9¾ per cent. Hopes of lower rates in the near future have virtually evaporated, and all that can be said is that the downward trend in U.S. rates has helped prevent too many signs of strain from showing in London.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

MONEY RATES

Dec. 28	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Intervention	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Dec. 28	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. December 28)

3 months U.S. dollars	
bid 8 5/8	offer 8 3/4

6 months U.S. dollars	
bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Four years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period November 7 to December 4 1984 (inclusive): 9.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from December 1 1984. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount 9.1225 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month [illegible] per cent; [illegible]. Under £100,000 [illegible] per cent from November. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (4 pm)

Prime rate	10¾
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]
Treasury Bills	
One month	7.25
Two month	7.40
Three month	7.75
Six month	8.09
One year	8.46
Treasury Bonds	
Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

THREE-MONTH STERLING £250,000 points of 100%

	Close	High	Low	Prev
March†	[illegible]	[illegible]	[illegible]	[illegible]
June†	[illegible]	[illegible]	[illegible]	[illegible]
Sept†	[illegible]	[illegible]	[illegible]	[illegible]
Dec†	[illegible]	[illegible]	[illegible]	[illegible]
March†	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible]. † £500,000 points of 100%.

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible]. Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) [illegible] (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]. Previous day's open int [illegible].

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) $e per £

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

	Dec. 28	change
LONDON		
Base rates	[illegible]	[illegible]
7 day interbank	[illegible]	[illegible]
3mth interbank	[illegible]	[illegible]
Treasury Bill Tender	[illegible]	[illegible]
Band 1 Bills	[illegible]	[illegible]
Band 2 Bills	[illegible]	[illegible]
Band 3 Bills	[illegible]	[illegible]
3 Mth. Treasury Bills	[illegible]	[illegible]
1 Mth. Bank Bills	[illegible]	[illegible]
3 Mth. Bank Bills	[illegible]	[illegible]
TOKYO		
One month Bills	6.34375	[illegible]
Three month Bills	6.28125	[illegible]
BRUSSELS		
One month	[illegible]	[illegible]
Three month	[illegible]	[illegible]
AMSTERDAM		
One month	[illegible]	[illegible]
Three month	[illegible]	[illegible]

	Dec. 28	change
NEW YORK		
Prime rates	[illegible]	[illegible]
Federal funds	[illegible]	[illegible]
3 Mth. Treasury Bills	[illegible]	[illegible]
6 Mth. Treasury Bills	[illegible]	[illegible]
3 Mth. C D	[illegible]	[illegible]
FRANKFURT		
Lombard	[illegible]	[illegible]
One Mth. Interbank	[illegible]	[illegible]
Three month	[illegible]	[illegible]
PARIS		
Intervention Rate	[illegible]	[illegible]
One Mth. Interbank	[illegible]	[illegible]
Three month	[illegible]	[illegible]
MILAN		
One month	[illegible]	[illegible]
Three month	[illegible]	[illegible]
DUBLIN		
One month	[illegible]	[illegible]
Three month	[illegible]	[illegible]

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 9½.